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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 Continuing Connected Transactions. The Existing Advertising Agency Agreement will expire on 31 December 2015.

It is expected that Yangcheng Advertising and YCWB will continue from time to time enter into transactions of a nature similar to the Existing Continuing Connected Transactions after the expiration of the Existing Advertising Agency Agreement.

As at the date of this announcement, as YCWB 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.

On 21 December 2015, Yangcheng Advertising entered into the New Advertising Agency Agreement for a term of three years commencing as of 1 January 2016. 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 New 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 Continuing Connected Transactions. The Existing Advertising Agency Agreement will expire on 31 December 2015.

THE EXISTING CONTINUING CONNECTED TRANSACTIONS

Under the Existing Advertising Agency Agreement, YCWB has agreed to appoint Yangcheng Advertising as its advertising agent in respect of placing of advertisements in Yangcheng Evening News. Under the Existing Advertising Agency Agreement, Yangcheng Advertising will enter into contracts with advertising customers who place advertisements on Yangcheng Evening News and will collect Existing Advertising Payment from such advertising customers, Yangcheng Advertising will then pay the Existing Net Advertising Payment over to YCWB. If the aggregate amount of the Existing Net Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising is entitled to a rebate from YCWB, being a certain percentage of the aggregate amount of the Existing Net Advertising Payment to be agreed in separate agreements between the parties based on the then market rate and historical performance of Yangcheng Advertising.

The annual caps of the Existing Continuing Connected Transactions for each of the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 are set out below:

For the year ended 31 December 2013 – HK\$23,000,000

For the year ended 31 December 2014 – HK\$24,000,000

For the year ended 31 December 2015 – HK\$25,000,000

For each of the two financial years ended 31 December 2013 and 31 December 2014, the respective annual cap amount of the Existing Continuing Connected Transactions was not exceeded. For the financial year ending 31 December 2015, the annual cap amount of the Existing Continuing Connected Transactions will not be exceeded.

THE NEW CONTINUING CONNECTED TRANSACTIONS

It is expected that the Yangcheng Advertising and YCWB will continue from time to time enter into transactions of a nature similar to the Existing Continuing Connected Transactions after the expiration of the Existing Advertising Agency Agreement on 31 December 2015. On 21 December 2015, Yangcheng Advertising entered into the New Advertising Agency Agreement, with details as follows:

Date: 21 December 2015

Parties: (1) Yangcheng Advertising
(2) YCWB

Services provided: YCWB 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 YCWB. If the aggregate amount of the New Net Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to a rebate from YCWB, 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 2016 to 31 December 2018 (both dates inclusive)
Annual Caps:	For the year ending 31 December 2016 – RMB16,400,000 For the year ending 31 December 2017 – RMB17,200,000 For the year ending 31 December 2018 – RMB18,000,000
Basis for determining the Annual Caps:	The aforesaid Annual Caps are calculated with reference to (i) the amount of the Existing Net Advertising Payment paid to YCWB for the years 2013 to 2015; and (ii) the internal projections of the amount of the New Net Advertising Payment payable to YCWB for the three years ending 31 December 2018.

The Directors (including the independent non-executive Directors) confirm that the New 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 YCWB.

REASONS FOR ENTERING INTO THE NEW ADVERTISING AGENCY AGREEMENT

As the Existing Advertising Agency Agreement will expire on 31 December 2015, Yangcheng Advertising and YCWB agreed to extend the arrangements under Existing Advertising Agency Agreement for a further term of 3 years and enter into the New Advertising Agency Agreement on terms similar to the Existing Advertising Agency Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Continuing Connected Transactions and the projected Annual Caps for the New 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 New Continuing Connected Transactions and thus no Director was required to abstain from voting on the board resolutions passed to approve the New Continuing Connected Transactions.

NEW CONTINUING CONNECTED TRANSACTIONS AND IMPLICATIONS UNDER THE LISTING RULES

As YCWB 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 New 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 Advertising Agency Agreement, the Group has not entered into any other transactions with YCWB in the previous 12 months which are related to the New Continuing Connected Transactions. There are thus no prior transactions between the Yangcheng Advertising and YCWB 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 28 December 2012 in respect of, inter alia, the Existing Advertising Agency Agreement
“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)
“Directors”	the directors of the Company
“Existing Continuing Connected Transactions”	the existing transactions between Yangcheng Advertising and YCWB under or pursuant to the Existing Advertising Agency Agreement
“Existing Advertising Agency Agreement”	the agreement dated 28 December 2012 made between Yangcheng Advertising and YCWB in relation to the extension of the media buying arrangements
“Existing Advertising Payment”	advertising fees collected by Yangcheng Advertising from the advertising customer who advertises on Yangcheng Evening News for the years 2013 through to 2015
“Existing Net Advertising Payment”	Existing Advertising Payment net of agency fees
“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 Continuing Connected Transactions”	the transactions between Yangcheng Advertising and YCWB under or pursuant to the New Advertising Agency Agreement
“New Advertising Agency Agreement”	the agreement dated 21 December 2015 entered into between Yangcheng Advertising and YCWB in relation to media buying arrangements, salient terms of which are set out under the section headed “The New 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 2016 through to 2018
“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”	羊城晚報經濟發展總公司(Yangcheng Evening News Economic Development Company), a state-owned enterprise and owns 20% of the registered capital of Yangcheng Advertising
“YCWB”	廣東羊城晚報廣告有限公司(Guangdong Yangcheng Evening News Advertising Company), a state-owned enterprise and a fellow 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, 21 December 2015

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

Executive Directors:

Mr. Yeung Kwok Mung

Ms. Angela Mak

Non-executive Directors:

Mr. Frank Sixt (Chairman)

Ms. Debbie Chang

Mr. Edmond Ip

Mrs. Angelina Lee

Independent non-executive Directors:

Mr. Henry Cheong

Mr. James Sha

Mr. Albert Ip

Alternate Director:

Mrs. Susan Chow

(Alternate to Mr. Frank Sixt)