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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 will expire on 31 December 2017.

It is expected that the Group will from time to time enter into with the CKHH 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, CKHH is interested in approximately 36.73% of the issued share capital of the Company and therefore is a connected person of the Company under the Listing Rules by virtue of being a substantial shareholder of the Company. Since the New CKHH 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 Chapter 14A of the Listing Rules.

On 20 December 2017, the Company entered into the New CKHH Services Agreement for a term of three years commencing on 1 January 2018. As each of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules in respect of the estimated total amount of the New CKHH Continuing Connected Transactions will, on an annual basis, be more than 0.1% but less than 5%, the New CKHH Continuing Connected Transactions are exempted 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 will expire on 31 December 2017.

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, 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

The annual caps of the Existing HIL Continuing Connected Transactions for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 are set out below:

For the year ended 31 December 2015 – HK\$90,000,000

For the year ended 31 December 2016 – HK\$92,000,000

For the year ended 31 December 2017 – HK\$95,000,000

THE NEW CKHH CONTINUING CONNECTED TRANSACTIONS

It is expected that the Group will from time to time enter into with the CKHH 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 2017. On 20 December 2017, the Company entered into the New CKHH Services Agreement, with details as follows:

Date: 20 December 2017

Parties: (1) TOM International
(2) CKHH

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

- print and publishing services including the customised publishing services provided in accordance with the specific requirements of each individual customer
- advertising services including print, online and outdoor media advertising services
- online community and social networking services
- public relations and event management and other organisation services (such as organising press conferences and road shows, etc.)
- e-commerce, 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 CKHH 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 2018 and expiring on 31 December 2020

Caps: For the year ending 31 December 2018 – HK\$5,000,000
 For the year ending 31 December 2019 – HK\$6,800,000
 For the year ending 31 December 2020 – HK\$8,000,000

Basis for determining the Caps: The aforesaid Caps are determined based on (i) the revenue for the aforesaid services provided to the CKHH Group for the years 2015 to 2017; (ii) the internal projection of the value of the contracts to be entered into with the CKHH Group for the three years ending 31 December 2020; 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 CKHH 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 CKHH Group. Pursuant to the New CKHH Services Agreement, members of the Group and the CKHH 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 CKHH 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 CKHH 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 Board (including the independent non-executive Directors) confirms that the New CKHH 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 CKHH Group.

REASONS FOR ENTERING INTO THE NEW CKHH 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 CKHH Group.

The Board (including the independent non-executive Directors) is of the view that the terms of the New CKHH Continuing Connected Transactions and the projected annual caps for the New CKHH 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 CKHH Continuing Connected Transactions and thus no Director was required to abstain from voting on the Board resolutions passed to approve the New CKHH Continuing Connected Transactions.

NEW CKHH CONTINUING CONNECTED TRANSACTIONS AND IMPLICATIONS UNDER THE LISTING RULES

Relationship with CKHH

As at the date of this announcement, CKHH is interested in approximately 36.73% 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 CKHH Continuing Connected Transactions

As the New CKHH 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 Chapter 14A of the Listing Rules.

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

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 media and technology businesses. In addition to its media businesses in publishing and advertising, the Group also has a technology platform with operations in e-commerce, social network, mobile internet; and investments in fintech and big data analytics sectors.

The CKHH Group operates and invests in five core businesses: ports and related services, retail, infrastructure, energy, and telecommunications.

DEFINITIONS

“Announcement”	the announcement of the Company dated 20 January 2015 in respect of, inter alia, the Existing HIL Services Agreement
“Board”	the board of directors of the Company
“Cap”	the maximum value of the aggregate fee payable by the relevant parties
“CKHH”	CK Hutchison Holdings Limited, a 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: 1)
“CKHH Group”	CKHH and its subsidiaries from time to time and such other companies in which CKHH is from time to time directly or indirectly interested so as to (i) exercise or control the exercise of 30% or more of the voting power at general meetings (other than the Group) or (ii) control the composition of a majority of the board of directors and such other companies’ subsidiaries
“Company”	TOM Group Limited, an exempted 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 20 January 2015 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 CKHH
“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
“New CKHH Continuing Connected Transactions”	the transactions between members of the Group and members of the CKHH Group under or pursuant to the New CKHH Services Agreement
“New CKHH Services Agreement”	the agreement dated 20 December 2017 entered into between TOM International and CKHH in relation to the provision of the print, publishing, advertising and other services to the CKHH Group, salient terms of which are set out under the section headed “The New CKHH Continuing Connected Transactions” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the same meaning ascribed thereto in the Listing Rules
“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 December 2017

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

Mrs. Angelina Lee

*Independent non-executive
Directors:*

Mr. Henry Cheong

Mr. James Sha

Mr. Albert Ip

Alternate Director:

Mr. Dominic Lai

(Alternate to Mr. Frank Sixt)