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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)**

**(1) ANNOUNCEMENT PURSUANT TO  
RULE 14.36 OF THE LISTING RULES**

**MATERIAL VARIATION OF THE TERMS OF PREVIOUSLY ANNOUNCED  
TRANSACTIONS IN RELATION TO ULE HOLDINGS LIMITED**

**AND**

**(2) MAJOR TRANSACTION**

**GRANT OF THE AMENDED DRAG-ALONG RIGHT BY TOM E-COMMERCE**

References are made to the Announcements relating to the Joint Venture, namely Ule Holdings Limited.

**1. MATERIAL VARIATION OF TERMS OF PREVIOUSLY ANNOUNCED  
TRANSACTIONS IN RELATION TO THE JOINT VENTURE**

***The Subscription***

On 1 November 2021 (after trading hours), (i) the Joint Venture and (ii) China Post HK entered into the Subscription Agreement, pursuant to which, and subject to its terms and conditions, the Joint Venture has agreed to allot and issue, and China Post HK has agreed to subscribe for, the Subscription Shares for an aggregate subscription price of US\$127,726,503.94 in cash.

As at the date of this announcement, the Joint Venture is held as to (i) approximately 42.00% by TOM E-Commerce, (ii) approximately 43.71% by China Post HK, and (iii) approximately 14.29% by the Minority Investors. It is expected that, immediately after Completion, the Joint Venture will be held as to (i) approximately 22.39% by TOM E-Commerce, (ii) 70.00% by China Post HK and (iii) approximately 7.61% by the Minority Investors.

As Completion is conditional upon the satisfaction of the conditions precedent in the Subscription Agreement, it is expected that TOM E-Commerce will, on or before Completion, fulfil the following conditions precedent which are relevant to it:

- (i) vote in favour of or otherwise consent to the relevant shareholders' resolution of the Joint Venture in respect of, among other things, the Subscription and the adoption of the Amended and Restated Articles;
- (ii) convert all of its Series A-2 Preferred Shares in the Joint Venture into Ordinary Shares at the conversion ratio of 1:1;
- (iii) waive its rights to convert the Convertible Loan into shares in the Joint Venture;
- (iv) enter into the Termination Agreement; and
- (v) enter into an amended and restated shareholders' agreement with the Joint Venture, China Post HK and the Minority Investors in respect of the Joint Venture.

If any of the conditions precedent to Completion (including those which are relevant to TOM E-Commerce as set out above and other conditions precedents set out under the Subscription Agreement) is not satisfied by 31 March 2022 or such other extended date as the Joint Venture and China Post HK mutually agree in writing, either the Joint Venture or China Post HK may serve notice on the other party to terminate the Subscription Agreement.

***Termination of certain prior agreements in relation to the Joint Venture***

On 1 November 2021 (after trading hours), (i) the Joint Venture, (ii) the Company, (iii) TOM E-Commerce, (iv) China Post HK, (v) China Post, (vi) China Post E-Commerce, (vii) the Minority Investors and (viii) Shenzhen New ECLink entered into the Termination Agreement, pursuant to which, among other things, the parties to the Termination Agreement agreed to, subject to and conditional upon the Completion, release and discharge any party from its past, present, and future obligations and liabilities (actual or contingent) under the Non-compete Provisions and the Additional Agreements, and waive as against each other and their respective agents, officers, directors, shareholders, principals, employees, representatives, advisors, successors and assigns, all obligations, claims, rights and liabilities arising from or in connection with the Non-compete Provisions and the Additional Agreements, whether they have accrued prior to, on, or after the date of the Termination Agreement, with effect from the Completion Date.

The Termination Agreement was entered into by the parties thereto in connection with the Subscription, and is one of the conditions precedent to Completion. The Termination Agreement will only be effective subject to and condition upon Completion.

***The Conversion Right Waiver***

On 1 November 2021 (after trading hours), TOM E-Commerce executed the Conversion Right Waiver, pursuant to which TOM E-Commerce agreed to waive all its rights to convert the Convertible Loan into shares in the Joint Venture. The Conversion Right Waiver was executed by TOM E-Commerce in connection with the Subscription, and is one of the conditions precedent to Completion. The Conversion Right Waiver will only become effective subject to and upon (i) Completion; and (ii) the Joint Venture's obtainment of the requisite internal board and shareholders' resolutions and regulatory approvals (if any) in order to effect repayment of the Convertible Loan by the Joint Venture to TOM E-Commerce.

### ***The Amended and Restated Shareholders' Agreement***

On 1 November 2021 (after trading hours), (i) the Joint Venture, (ii) China Post HK, (iii) TOM E-Commerce and (iv) the Minority Investors entered into the Amended and Restated Shareholders' Agreement, which will supersede the Shareholders' Agreement (as supplemented by the Shareholders' Supplemental Agreement). The Amended and Restated Shareholders' Agreement shall become effective upon Completion but subject to the parties thereto having complied with the applicable laws, regulations and rules of any governmental entity (which includes any securities exchange) and, in the case of TOM E-Commerce, having obtained the shareholders' approval of the Company (if needed).

### ***Major changes to the terms of the Shareholders' Agreement***

A summary of the major changes to the terms of the Shareholders' Agreement (as supplemented by the Shareholders' Supplemental Agreement) pursuant to the Amended and Restated Shareholders' Agreement include:

- (i) the conversion of all issued Series A Preferred Shares in the Joint Venture into Ordinary Shares at the conversion ratio of 1:1;
- (ii) the removal of terms in respect of reserved matters which require the prior approval of any of the shareholders of the Joint Venture or a supermajority approval of the board of directors of the Joint Venture;
- (iii) the grant of the Amended Drag-along Right in favour of China Post HK;
- (iv) the repayment of the Convertible Loan in full by the Joint Venture within six months from the date of Completion; and
- (v) any term of the Amended and Restated Shareholders' Agreement may be amended or waived by a written consent of, and the Amended and Restated Articles may be amended by a resolution of the shareholders of the Joint Venture passed by, one or more shareholder(s) of the Joint Venture holding not less than 51% of all the issued shares of the Joint Venture in writing, subject to certain qualifications.

For further details of the major changes to the terms of the Shareholders' Agreement, please refer to the sub-section headed "2. *Material Variation of Terms of Previously Announced Transactions in relation to the Joint Venture – The Amended and Restated Shareholders' Agreement*" in this announcement.

### ***Implications under the Listing Rules***

The entering into of the Termination Agreement, the Conversion Right Waiver and the Amended and Restated Shareholders' Agreement among the parties thereto constitutes a termination or material variation of the terms of certain transactions which were previously announced by the Company in accordance with Chapter 14 of the Listing Rules and is, therefore, required to be disclosed pursuant to Rule 14.36 of the Listing Rules.

### ***General***

The Company will make further announcement(s) in connection with the Subscription and the transactions contemplated thereunder (including the effectiveness of the Termination Agreement, the Conversion Right Waiver and the Amended and Restated Shareholders' Agreement) when Completion takes place or if required pursuant to the Listing Rules.

**As the Subscription is subject to fulfilment of certain conditions, there is no assurance that the Subscription will proceed to Completion. Furthermore, the Termination Agreement, the Conversion Right Waiver and the Amended and Restated Shareholders' Agreement will only become effective subject to and upon Completion.**

## **2. GRANT OF THE AMENDED DRAG-ALONG RIGHT BY TOM E-COMMERCE**

### ***The Amended Drag-along Right***

According to the Amended and Restated Shareholders' Agreement, where China Post HK approves a Drag-along Sale, China Post HK shall, among other things, have the right (but not the obligation) to require, among others, TOM E-Commerce to sell the Ordinary Shares beneficially held by it to the Purchaser, and on the same terms and conditions as China Post HK.

Any sale of Ordinary Shares pursuant to the Amended Drag-along Right will be subject to all necessary authorisations and regulatory requirements of any government entity (which includes any securities exchange) required therefor or in connection therewith having been obtained and satisfied by, among others, TOM E-Commerce, as applicable.

### ***Implications under the Listing Rules***

The Amended Drag-along Right granted by TOM E-Commerce in favour of China Post HK under the Amended and Restated Shareholders' Agreement constitutes an option under Rule 14.72(1) of the Listing Rules, and pursuant to Rule 14.73 of the Listing Rules, the grant of the Amended Drag-along Right by TOM E-Commerce will be treated as a transaction of the Group. Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Amended Drag-along Right is not at the discretion of the Group, the grant of the Amended Drag-along Right by TOM E-Commerce will be classified as if the Amended Drag-along Right had been exercised. As, on the grant of the Amended Drag-along Right, the actual monetary value of the exercise price, the value of the underlying assets and the profit and loss attributable to such assets have not been determined, the grant of the Amended Drag-along Right by TOM E-Commerce will be classified as at least a major transaction according to Rule 14.76(1) of the Listing Rules, and is therefore subject to the announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the Amended Drag-along Right is exercised by China Post HK requiring TOM E-Commerce to dispose of its Ordinary Shares, the Group will comply with the relevant requirements of the Listing Rules applicable to such disposal.

### ***The EGM***

Unless approval by way of written approval of Shareholders is permitted under the Listing Rules, and such written approval is obtained from a closely allied group of Shareholders who together hold more than 50% of the voting rights at a general meeting of the Shareholders, an EGM will be convened to consider and, if thought fit, approve the grant of the Amended Drag-along Right by TOM E-Commerce.

### ***General***

A circular containing, among other things, (i) further details of the grant of the Amended Drag-along Right by TOM E-Commerce, (ii) a notice of the EGM (if an EGM is required to be convened), and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 22 November 2021.

**The Amended and Restated Shareholders' Agreement pursuant to which the Amended Drag-along Right by TOM E-Commerce is granted is subject to and conditional upon Completion. There is no certainty as to whether the grant of the Amended Drag-along Right by TOM E-Commerce will become unconditional, whether the Amended Drag-along Right (if the grant of it becomes unconditional) will be exercised, and whether TOM E-Commerce will be required to dispose of its Ordinary Shares under the Amended Drag-along Right after Completion.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **1. INTRODUCTION**

References are made to the Announcements relating to the Joint Venture.

## **2. MATERIAL VARIATION OF THE TERMS OF PREVIOUSLY ANNOUNCED TRANSACTIONS IN RELATION TO THE JOINT VENTURE**

### *The Subscription*

On 1 November 2021 (after trading hours), (i) the Joint Venture and (ii) China Post HK entered into the Subscription Agreement, pursuant to which, and subject to its terms and conditions, the Joint Venture has agreed to allot and issue, and China Post HK has agreed to subscribe for, the Subscription Shares for an aggregate subscription price of US\$127,726,503.94 in cash.

As at the date of this announcement, the Joint Venture is held as to (i) approximately 42.00% by TOM E-Commerce, (ii) approximately 43.71% by China Post HK, and (iii) approximately 14.29% by the Minority Investors. It is expected that, immediately after the Completion, the Joint Venture will be held as to (i) approximately 22.39% by TOM E-Commerce, (ii) 70.00% by China Post HK and (iii) approximately 7.61% by the Minority Investors.

As Completion is conditional upon the satisfaction of the conditions precedent in the Subscription Agreement, it is expected that TOM E-Commerce will, on or before Completion, fulfil the following conditions precedent which are relevant to it:

- (i) vote in favour of or otherwise consent to the relevant shareholders' resolution of the Joint Venture in respect of, among other things, the Subscription and the adoption of the amended and restated articles of association of the Joint Venture;
- (ii) convert all of its Series A-2 Preferred Shares in the Joint Venture into Ordinary Shares at the conversion ratio of 1:1;
- (iii) waive its rights to convert the Convertible Loan into shares in the Joint Venture;
- (iv) enter into the Termination Agreement; and
- (v) enter into an amended and restated shareholders' agreement with the Joint Venture, China Post HK and the Minority Investors in respect of the Joint Venture.

If any of the conditions precedent to Completion (including those which are relevant to TOM E-Commerce as set out above and other conditions precedents set out under the Subscription Agreement) is not satisfied by 31 March 2022 or such other extended date as the Joint Venture and China Post HK mutually agree in writing, either the Joint Venture or China Post HK may serve notice on the other party to terminate the Subscription Agreement.

### ***Termination of certain prior agreements in relation to the Joint Venture***

On 1 November 2021 (after trading hours), (i) the Joint Venture, (ii) the Company, (iii) TOM E-Commerce, (iv) China Post HK, (v) China Post, (vi) China Post E-Commerce, (vii) the Minority Investors and (viii) Shenzhen New ECLink entered into the Termination Agreement, pursuant to which, among other things, the parties thereto agreed to, subject to and conditional upon the Completion, release and discharge any party from its past, present, and future obligations and liabilities (actual or contingent) under:

- (i) the non-compete provisions contained in various agreements, contracts, memorandum and/or understandings among all or certain of the parties (and/or their respective affiliates) in connection with the control, management, and/or operation of, among other things, the Joint Venture and its business, whereby the relevant parties (and/or their respective affiliates) agreed, among other things:
  - (a) not to involve or engage in a business apart from the Ule Group Business and/or the Group Business which competes or is likely to compete, either directly or indirectly, with the Ule Group Business and/or the Group Business; and
  - (b) to adopt the Ule Group as its major internet and mobile e-commerce platform in greater China(collectively, the “**Non-compete Provisions**”); and
- (ii) certain agreements entered into between all or certain of the parties to the Termination Agreement prior to the date of the Termination Agreement (collectively, the “**Additional Agreements**”), including:
  - (a) the cooperation framework agreement date 3 August 2010 in relation to the establishment of Beijing Ule;
  - (b) the China Post Subscription Agreement;
  - (c) the Investors Subscription Agreement; and
  - (d) the Platform Service Fees Agreement,

and waive as against each other and their respective agents, officers, directors, shareholders, principals, employees, representatives, advisors, successors and assigns, all obligations, claims, rights and liabilities arising from or in connection with the Non-compete Provisions and the Additional Agreements, whether accrued prior to, on, or after the date of the Termination Agreement, with effect from the Completion Date.

The Termination Agreement was entered into by the parties thereto in connection with the Subscription, and is one of the conditions precedent to Completion. The Termination Agreement will only be effective subject to and conditional upon Completion.

### ***The Conversion Right Waiver***

On 1 November 2021 (after trading hours), TOM E-Commerce executed the Conversion Right Waiver, pursuant to which TOM E-Commerce agreed to waive all its rights to convert the Convertible Loan into shares in the Joint Venture. The Conversion Right Waiver was executed by TOM E-Commerce in connection with the Subscription, and is one of the conditions precedent to Completion. The Conversion

Right Waiver will only become effective subject to and upon (i) Completion; and (ii) the Joint Venture's obtainment of the requisite internal board and shareholders' resolutions and regulatory approvals (if any) in order to effect repayment of the Convertible Loan by the Joint Venture to TOM E-Commerce.

Other than the conversion rights in respect of the Convertible Loan, the execution of the Conversion Right Waiver is without prejudice to any other rights that TOM E-Commerce may have under the Convertible Loan, particularly in relation to the repayment of RMB155,000,000 by the Joint Venture to TOM E-Commerce within six months from the Completion Date.

### ***The Amended and Restated Shareholders' Agreement***

On 1 November 2021 (after trading hours), (i) the Joint Venture, (ii) China Post HK, (iii) TOM E-Commerce and (iv) the Minority Investors entered into the Amended and Restated Shareholders' Agreement, which will supersede the Shareholders' Agreement (as supplemented by the Shareholders' Supplemental Agreement). The Amended and Restated Shareholders' Agreement shall become effective upon Completion but subject to the parties thereto having complied with the applicable laws, regulations and rules of any governmental entity (which includes any securities exchange) and, in the case of TOM E-Commerce, having obtained the shareholders' approval of the Company (if needed).

### ***Major changes to the terms of the Shareholders' Agreement***

Set out below are the major changes to the terms of the Shareholders' Agreement (as supplemented by the Shareholders' Supplemental Agreement) pursuant to the Amended and Restated Shareholders' Agreement:

- (i) all the issued Series A Preferred Shares which have previously been issued by the Joint Venture are cancelled and converted into Ordinary Shares at the conversion ratio of 1:1, and the Joint Venture shall only have, and the shareholders of the Joint Venture shall solely hold, issued Ordinary Shares;
- (ii) there shall be no reserved matters which require the prior approval of any of the shareholders of the Joint Venture or a supermajority approval of the board of directors of the Joint Venture;
- (iii) TOM E-Commerce shall no longer enjoy a drag-along right to require the Minority Investors to sell their respective shares in the Joint Venture in a transaction approved by TOM E-Commerce and China Post HK. Instead, TOM E-Commerce will be subject to the Amended Drag-along Right, which is granted in favour of China Post HK, the details of which are set out in the section headed "3. Grant of the Amended Drag-along Right by TOM E-Commerce – The Amended Drag-along Right" in this announcement;
- (iv) the Convertible Loan shall be repaid by the Joint Venture to TOM E-Commerce in full within six months from the Completion Date in accordance with the terms as agreed between the parties in respect of the interest rates and timetable and any other conditions;
- (v) any term of the Amended and Restated Shareholders' Agreement may be amended or waived by a written consent of, and the Amended and Restated Articles may be amended by a resolution of the shareholders of the Joint Venture passed by, one or more shareholder(s) of the Joint Venture holding not less than 51% of all the issued shares of the Joint Venture in writing, provided that such shareholder(s) of the Joint Venture who consent to such amendments are consenting in good faith and also in the best interest of the Joint Venture, failing which, and before any person (other than China Post HK and its affiliates, TOM E-Commerce and the Minority Investors) becomes a shareholder of the Joint Venture, a prior written consent of TOM E-Commerce, or a resolution of the shareholder(s) of the Joint Venture with affirmative vote from TOM E-Commerce shall be required;

- (vi) notwithstanding sub-paragraph (v) above, when any amendment of the Amended and Restated Shareholders' Agreement or the Amended and Restated Articles may have impact on (a) the appointment right of the board of directors and voting rights of any shareholder of the Joint Venture other than China Post HK, (b) dividend right of any shareholder of the Joint Venture other than China Post HK and (c) distribution right of the assets of the Joint Venture during the Joint Venture's liquidation, before a person (other than China Post HK and its affiliates, TOM E-Commerce and the Minority Investors) becomes a shareholder of the Joint Venture, a prior written consent of TOM E-Commerce, or a resolution of the shareholder(s) of the Joint Venture with affirmative vote from TOM E-Commerce shall be required; and
- (vii) notwithstanding sub-paragraphs (v) and (vi) above, the Joint Venture shall be permitted to add new shareholders which have executed an accession agreement to the Amended and Restated Shareholders' Agreement, and any such amendments that are required by a Qualified Investor as a condition of its investment into the Joint Venture shall not require consent from TOM E-Commerce and the Minority Investors, in which case such amendments shall take effect upon completion of such investment.

Saved as disclosed above, there is no other material variation to the terms of the Shareholders' Agreement under the Amended and Restated Shareholders' Agreement.

#### ***Implications under the Listing Rules***

The entering into of the Termination Agreement, the Conversion Right Waiver and the Amended and Restated Shareholders' Agreement among the parties thereto constitutes a termination or material variation of the terms of certain transactions which were previously announced by the Company in accordance with Chapter 14 of the Listing Rules and is, therefore, required to be disclosed pursuant to Rule 14.36 of the Listing Rules.

#### ***General***

The Company will make further announcement(s) in connection with the Subscription and the transactions contemplated thereunder (including the effectiveness of the Termination Agreement, the Conversion Right Waiver and the Amended and Restated Shareholders' Agreement) when Completion takes place or if required pursuant to the Listing Rules.

**As the Subscription is subject to fulfilment of certain conditions, there is no assurance that the Subscription will proceed to Completion. Furthermore, the Termination Agreement, the Amended and Restated Shareholders' Agreement and the Conversion Right Waiver will only become effective subject to and upon Completion.**

### **3. GRANT OF THE AMENDED DRAG-ALONG RIGHT BY TOM E-COMMERCE**

#### ***The Amended Drag-along Right***

According to the Amended and Restated Shareholders' Agreement, where China Post HK approves a bona fide, arms-length transaction in which a person (whom shall not be an affiliate of China Post HK), or a group of related persons (none of whom shall be affiliates of China Post HK) (the "**Purchaser**") intends to acquire:

- (i) Ordinary Shares representing 100% of the Joint Venture; or
- (ii) all or substantially all of the business of the Joint Venture,

and in each case,

- (a) the price for such sale shall be no less than the sum of the final pre-money valuation of the Joint Venture as specified in the valuation report of the Joint Venture issued by Beijing Jingwei Renda Assets Appraisal Co., Ltd dated 9 July 2021, and the subscription price paid by China Post HK in connection with the Subscription; and
- (b) shall be in accordance with the prevailing laws and regulations related to state-owned assets, including not limited to the requirements of (I) obtainment of a valuation report to be then issued by a valuation firm with state-owned asset appraisal qualification and (II) listing and sale in a qualified asset and equity exchange pursuant to laws,

(such transaction being a “**Drag-along Sale**”), China Post HK shall, among other things, have the right (but not the obligation) to require, among others, TOM E-Commerce to sell the Ordinary Shares beneficially held by it to the Purchaser, and on the same terms and conditions as China Post HK proposes to sell its Ordinary Shares and in the agreed proportions, provided that no shareholders of the Joint Venture shall be required to give any warranties other than the Accepted Warranties and shall not be liable for the inaccuracy of any representation or warranty made by any other person in connection with the Drag-along Sale (the “**Amended Drag-along Right**”).

Any sale of Ordinary Shares pursuant to the Amended Drag-along Right will be subject to all necessary authorisations and regulatory requirements of any government entity (which includes any securities exchange) required therefor or in connection therewith having been obtained and satisfied by, among others, TOM E-Commerce, as applicable.

#### *Use of proceeds*

In the event that the Amended Drag-along Right is exercised by China Post HK, it is expected that the net proceeds from the disposal of the Group’s interest in the Joint Venture will be used for the general working capital of the Group.

#### *Financial effect of the disposal pursuant to the Amended Drag-Along Right*

The actual gain or loss arising from the disposal of the Group’s interest in the Joint Venture to be recorded by the Group in the event that the Amended Drag-along Right is exercised by China Post HK is subject to the financial position of the Joint Venture and the price offered by the Purchaser for the Drag-along Sale.

#### *Information of the Parties*

##### **The Group and TOM E-Commerce**

The Group is a technology and media group with diverse business interests in ecommerce, social network mobile internet; and investments in the fintech and advanced data analytics sectors. In addition, the Group’s media businesses cover both publishing and advertising segments. The Group is headquartered in Hong Kong, and has regional headquarters in Beijing and Taipei.

TOM E-Commerce is an indirect subsidiary of the Company and is principally engaged in the technology and media businesses with operations in the e-commerce sector.

## The Joint Venture

The Joint Venture, which is incorporated in the British Virgin Islands, is an associate of the Company and is principally engaged in the e-commerce and new retail business in the PRC. TOM E-Commerce currently holds an approximately 42.00% interest in the issued share capital of the Joint Venture as at the date of this announcement.

Subject to the fulfilment of the conditions precedent to the Subscription Agreement, it is expected that TOM E-Commerce's interest in the issued share capital of the Joint Venture will be diluted to approximately 22.39% immediately after Completion. The Board considers the interest of the Group in the Joint Venture to be a strategic investment of the Company and a material asset of the Company's e-commerce group (which is one of the five business segments of the Company).

Set out below is the audited consolidated financial information of the Joint Venture for the two financial years ended 31 December 2019 and 31 December 2020, respectively:

|                          | <b>For the financial year ended<br/>31 December 2019</b> | <b>For the financial year ended<br/>31 December 2020</b> |
|--------------------------|--|--|
|                          | <b>(audited)</b>   | <b>(audited)</b>   |
|                          | <i>HK\$'000</i>  | <i>HK\$'000</i>  |
| Revenue                  | 342,964  | 830,907  |
| Profit/(loss) before tax | (436,676)  | (171,778)  |
| Profit/(loss) after tax  | (436,676)  | (171,778)  |

The audited consolidated net liabilities of the Joint Venture as at 31 December 2020 was approximately HK\$262,363,000.

## China Post and China Post HK

China Post is a state-owned enterprise of the PRC and the official postal distribution agency in the PRC.

China Post HK is a corporation. As at the date of this announcement, China Post HK is a subsidiary of China Post.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, China Post and China Post HK and their ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

## *Implications under the Listing Rules*

The Amended Drag-along Right granted by TOM E-Commerce in favour of China Post HK under the Amended and Restated Shareholders' Agreement constitutes an option under Rule 14.72(1) of the Listing Rules, and pursuant to Rule 14.73 of the Listing Rules, the grant of the Amended Drag-along Right by TOM E-Commerce will be treated as a transaction of the Group. Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Amended Drag-along Right is not at the discretion of the Group, the grant of the Amended Drag-along Right by TOM E-Commerce will be classified as if the Amended Drag-along Right had been exercised. As, on the grant of the Amended Drag-along Right, the actual monetary value of the exercise price, the value of the underlying assets and the profit and loss attributable to such assets have not been determined, the grant of the Amended Drag-along Right by TOM E-Commerce will be classified as at least a major transaction according to Rule 14.76(1) of the Listing Rules, and is therefore subject to the announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the Amended Drag-along Right is exercised by China Post HK requiring TOM E-Commerce to dispose of its Ordinary Shares, the Company will comply with the relevant requirements of the Listing Rules applicable to such disposal.

### *The EGM*

Unless approval by way of written approval of Shareholders is permitted under the Listing Rules, and such written approval is obtained from a closely allied group of Shareholders who together hold more than 50% of the voting rights at a general meeting of the Shareholders, an EGM will be convened to consider and, if thought fit, approve the grant of the Amended Drag-along Right by TOM E-Commerce.

### *General*

A circular containing, among other things, (i) further details of the grant of the Amended Drag-along Right by TOM E-Commerce, (ii) a notice of the EGM (if an EGM is required to be convened), and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 22 November 2021.

**The Amended and Restated Shareholders' Agreement pursuant to which the Amended Drag-along Right by TOM E-Commerce is granted is subject to and conditional upon Completion. There is no certainty as to whether the grant of the Amended Drag-along Right will become unconditional, whether the Amended Drag-along Right (if the grant of it becomes unconditional) will be exercised, and whether TOM E-Commerce will be required to dispose of its Ordinary Shares under the Amended Drag-along Right after Completion.**

## **4. REASONS AND BENEFITS FOR THE TRANSACTION**

The Board considers the interest of the Group in the Joint Venture (which is an associate of the Company) to be a strategic investment of the Company and a material asset of the Company's e-commerce group (which is one of the five business segments of the Company).

Whilst the Joint Venture has broad development prospects and business opportunities, the Joint Venture is not able to rapidly scale up its operations with its current capital base and requires additional capital investment to scale up its operations and to enhance its market influence and value. The capitalisation of the Joint Venture by China Post HK will provide the Joint Venture with a stronger capital base to address its strategic objectives. Furthermore, following the capitalisation exercise by, and the ownership restructuring with, China Post HK being the controlling shareholder of the Joint Venture, the Board believes that China Post HK will in good faith and in a commercially reasonable manner, based on the development strategies as may be amended by China Post HK from time to time, procure the Joint Venture to be adopted as its major internet and mobile e-commerce platform in the Greater China region, integrate its customers and business resources to the Joint Venture, enhance the strength of the Joint Venture, promote the introduction of strategic investors and partners to the Joint Venture, resolve limitation of the Joint Venture's development capabilities, as well as to enhance the Joint Venture's market influence and its value.

The termination of certain prior agreements between, among others, the Group and the Joint Venture, and the changes to the terms of the Shareholders' Agreement as disclosed in this announcement would be commensurate with the increase in China Post HK's shareholding interest in the Joint Venture as a result of the capitalisation by China Post HK.

The terms of the grant of the Amended Drag-along Right by TOM E-Commerce under the Amended and Restated Shareholders' Agreement have been arrived at by the parties thereto after arm's length negotiations and are on normal commercial terms with references to the prevailing commercial practices. The Board is of the view that the terms of the grant of the Amended Drag-along Right by TOM E-

Commerce under the Amended and Restated Shareholders' Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

**5. DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

- “Accepted Warranties” any representations and warranties to be made by such shareholder of the Joint Venture in connection with the Drag-along Sale are limited to representations and warranties that:
- (i) such shareholder of the Joint Venture holds all right, title and interest in and to the Ordinary Shares such shareholder of the Joint Venture purports to hold, free and clear of all liens and encumbrances;
  - (ii) the obligations of such shareholder of the Joint Venture in connection with the transaction have been duly authorized, if applicable;
  - (iii) the documents to be entered into by such shareholder of the Joint Venture have been duly executed by such shareholder of the Joint Venture and delivered to the Purchaser and are enforceable against such shareholder of the Joint Venture in accordance with their respective terms; and
  - (iv) neither the execution and delivery of documents to be entered into in connection with the transaction, nor the performance of such shareholder of the Joint Venture's obligations thereunder, will cause a breach or violation of the terms of any agreement, law or judgment, order or decree of any court or governmental agency to which such shareholder of the Joint Venture is a party or subject
- “Additional Agreements” has the meaning ascribed to it under the section headed “2. *Material Variation of the Terms of Previously Announced Transactions in relation to the Joint Venture – Termination of certain prior agreements in relation to the Joint Venture*” in this announcement
- “Amended and Restated Articles” the amended and restated articles of association of the Joint Venture to be adopted by the shareholders of the Joint Venture in connection with the Subscription
- “Amended and Restated Shareholders' Agreement” collectively, the amended and restated shareholders' agreement and the amendment agreement to the amended and restated shareholders agreement, both dated 1 November 2021, entered into by (i) the Joint Venture, (ii) China Post HK, (iii) TOM E-Commerce and (iv) the Minority Investors

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| “Amended Drag-along Right”          | has the meaning ascribed to it under the section headed “3. <i>Grant of the Amended Drag-along Right by TOM E-Commerce – The Amended Drag-along Right</i> ” in this announcement  |
| “Announcements”                     | collectively, the announcements of the Company dated 3 August 2010, 16 January 2014, 13 September 2017 and 6 June 2019 regarding, among other things: <ul style="list-style-type: none"> <li>(i) the discloseable transaction in relation to the establishment of Beijing Ule with China Post;</li> <li>(ii) the discloseable transaction in relation to the formation of the Joint Venture by the Group and China Post Group, and the Group’s acceptance of the issue of the Convertible Loan;</li> <li>(iii) the entering into of the Platform Service Fees Agreement; and</li> <li>(iv) the entering into of the Shareholders’ Supplemental Agreement</li> </ul> |
| “Beijing Ule”                       | 北京郵樂電子商務有限公司 (Beijing Ule E-Commerce Company Limited*), a company previously incorporated under the laws of the PRC and subsequently deregistered on 29 October 2020  |
| “Board”                             | the board of directors of the Company   |
| “China Post”                        | 中國郵政集團有限公司 (China Post Group Corporation Limited*), a state-owned enterprise of the PRC   |
| “China Post E-Commerce”             | 中郵電子商務有限公司 (China Post E-Commerce Co., Ltd.*), a company incorporated under the laws of the PRC and a subsidiary of China Post  |
| “China Post Group”                  | collectively, China Post and its subsidiaries (including China Post HK)   |
| “China Post HK”                     | Telpo Philatelic Company Limited, a company incorporated under the laws of Hong Kong and a subsidiary of China Post   |
| “China Post Subscription Agreement” | the agreement dated 16 January 2014 signed by and among China Post HK, TOM E-Commerce, China Post E-Commerce and Shenzhen New ECLink Network as to the terms upon which the Joint Venture was established with effect from 28 December 2013   |
| “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)  |
| “Completion”                        | the completion of the Subscription subject to and in accordance with the terms and conditions of the Subscription Agreement   |
| “Completion Date”                   | the date on which Completion takes place  |

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| “Conversion Right Waiver”         | the deed of waiver dated 1 November 2021 entered into between TOM E-Commerce and the Joint Venture in respect of the waiver of the conversion rights under the Convertible Loan  |
| “Convertible Loan”                | the convertible loan in the principal amount of RMB155,000,000 advanced by TOM E-Commerce to the Joint Venture, which is convertible into shares in the Joint Venture  |
| “Director(s)”                     | the director(s) of the Company   |
| “Drag-along Sale”                 | has the meaning ascribed to it under the section headed “3. <i>Grant of the Amended Drag-along Right by TOM E-Commerce – The Amended Drag-along Right</i> ” in this announcement   |
| “EGM”                             | an extraordinary general meeting of the Company to be convened (if required) to consider and, if thought fit, approve the grant of the Amended Drag-along Right by TOM E-Commerce  |
| “Group”                           | the Company and its subsidiaries taken as a whole  |
| “Group Business”                  | the operation of the technical platform support of the Ule Group Business  |
| “HK\$”                            | Hong Kong dollar, the lawfully currency of Hong Kong   |
| “Hong Kong”                       | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Joint Venture”                   | Ule Holdings Limited (formerly known as TOM Technical Limited), a company incorporated under the laws of the British Virgin Islands, which is an associate of the Company  |
| “Listing Rules”                   | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Maturity Date”                   | 15 January 2019, being the original maturity date of the Convertible Loan  |
| “Minority Investors”              | collectively, the shareholders of the Joint Venture (other than TOM E-Commerce and China Post HK) that together hold approximately 14.29% of the total issued share capital of the Joint Venture as at the date of this announcement                                       |
| “Non-compete Provisions”          | has the meaning ascribed to it under the section headed “2. <i>Material Variation of the Terms of Previously Announced Transactions in relation to the Joint Venture – Termination of certain prior agreements in relation to the Joint Venture</i> ” in this announcement |
| “Ordinary Shares”                 | the ordinary shares of the Joint Venture, of par value US\$0.01 per share  |
| “Platform Service Fees Agreement” | the platform service fees agreement dated 13 September 2017 entered into between (i) the Joint Venture and (ii) China Post   |

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| “PRC”                                  | the People’s Republic of China and, for the purpose of this announcement, shall exclude Hong Kong and the Macau Special Administrative Region of the People’s Republic of China  |
| “Purchaser”                            | has the meaning ascribed to it under the section headed “3. <i>Grant of the Amended Drag-along Right by TOM E-Commerce – The Amended Drag-along Right</i> ” in this announcement   |
| “Qualified Investor”                   | any financial and strategic investor (whom shall not be an affiliate of China Post HK) intending in good faith to subscribe for new securities of the Joint Venture with the valuation of the Joint Venture at no less than the sum of (i) the final pre-money valuation of the Joint Venture as specified in the valuation report of the Joint Venture issued by Beijing Jingwei Renda Assets Appraisal Co., Ltd dated 9 July 2021 which forms the basis for determining the subscription price payable by China Post HK in connection with the Subscription, and (ii) the subscription price paid by China Post HK in connection with the Subscription |
| “Qualified Subsequent Financing”       | a subsequent round of equity financing of the Joint Venture with aggregate proceeds to the Joint Venture that is in excess of US\$200,000,000  |
| “RMB”                                  | Renminbi, the lawful currency of the PRC   |
| “Series A Preferred Shares”            | collectively, the Series A-1 Preferred Shares and the Series A-2 Preferred Shares  |
| “Series A-1 Preferred Shares”          | the voting, convertible Series A-1 Preferred Shares of the Joint Venture, par value of US\$0.01 per share in the share capital of the Joint Venture, convertible into Ordinary Shares at an initial conversion ratio of one Ordinary Share per Series A-1 Preferred Share  |
| “Series A-2 Preferred Shares”          | the voting, convertible Series A-2 Preferred Shares of the Joint Venture, par value of US\$0.01 per share in the share capital of the Joint Venture, convertible into Ordinary Shares at an initial conversion ratio of one Ordinary Share per Series A-2 Preferred Share  |
| “Shareholders”                         | shareholders of the Company  |
| “Shareholders’ Agreement”              | the shareholders’ agreement dated 16 January 2014 entered into by (i) the Joint Venture, (ii) China Post HK, (iii) TOM E-Commerce and (iv) the Minority Investors  |
| “Shareholders’ Supplemental Agreement” | the supplemental agreement to the Shareholders’ Agreement dated 6 June 2019 in respect of the extension of the Maturity Date of the Convertible Loan to the earlier of (a) 23 January 2022; or (b) immediately prior to the completion of a Qualified Subsequent Financing   |
| “Shenzhen New ECLink”                  | 深圳市新易網通網絡信息技術有限公司 (Shenzhen New ECLink Network Information Technology Company Limited*), a company incorporated under the laws of the PRC with limited liability and which is accounted for as a subsidiary of the Company   |

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| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscription”           | the subscription of the Subscription Shares by China Post HK pursuant to the Subscription Agreement  |
| “Subscription Agreement” | the subscription agreement dated 1 November 2021 which is entered into between (i) the Joint Venture and (ii) China Post HK in respect of the Subscription   |
| “Subscription Shares”    | 912,332,171 Ordinary Shares, which represents approximately 87.63% of the total number of issued shares of the Joint Venture as at the date of this announcement, to be subscribed for by China Post HK upon Completion  |
| “Termination Agreement”  | the agreement of release, discharge, waiver and termination dated 1 November 2021 which is entered into among (i) the Joint Venture, (ii) the Company, (iii) TOM E-Commerce, (iv) China Post HK, (v) China Post, (vi) China Post E-Commerce, (vii) the Minority Investors and (viii) Shenzhen New ECLink |
| “TOM E-Commerce”         | TOM E-Commerce Limited, a company incorporated under the laws of the British Virgin Islands and an indirect non-wholly owned subsidiary of the Company   |
| “Ule Group”              | the Joint Venture and its subsidiaries taken as a whole  |
| “Ule Group Business”     | the e-commerce business of the Joint Venture in the PRC and other places   |
| “US\$”                   | United States dollars, the lawful currency of the United States of America   |

By Order of the Board of  
**TOM Group Limited**  
**Yeung Kwok Mung**  
*Executive Director*

Hong Kong, 1 November 2021

To the extent that there are any inconsistencies between the English version and the Chinese version of this announcement, the English version shall prevail.

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

*Executive Director:*  
*Mr. Yeung Kwok Mung*

*Non-executive Directors:*  
*Mr. Frank Sixt (Chairman)*  
*Ms. Debbie Chang*  
*Mrs. Angelina Lee*

*Independent non-executive Directors:*  
*Mr. James Sha*  
*Dr. Alex Fong*  
*Mr. Chan Tze Leung*

*Alternate Director:*  
*Mr. Dominic Lai*  
*(Alternate to Mr. Frank Sixt)*

*\* For identification purposes only*