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**e-KONG**  
**e-Kong Group Limited**

*(Incorporated in Bermuda with limited liability)*

*www.e-kong.com*

**(Stock Code: 524)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF ASSETS**

The Board announces that on 22 May 2012, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Assets at the Consideration of S\$2,900,000 (equivalent to approximately HK\$18,183,000).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

As certain of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the entering into the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Rule 14.34 of the Listing Rules.

**THE SALE AND PURCHASE AGREEMENT**

The Board announces that on 22 May 2012, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Assets at the Consideration of S\$2,900,000 (equivalent to approximately HK\$18,183,000).

**Date**

22 May 2012

## **Parties**

- (a) Cybersite Pte Ltd., as the vendor
- (b) Cybersite Services Pte Ltd., as the purchaser
- (c) Chiam Geak Seng and Chiu Sok Peng, as shareholders of the vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, being Chiam Geak Seng and Chiu Sok Peng, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire all rights, title and interest in and to the Assets in connection with the Business to render the Cybersite Services to the customers of the Vendor, including customer base, business records, including all databases in which the records of the customers are stored, the billing platform and all other computer software in which the business records may be held, contracts (including but not limited to all customer contracts and those supplier contracts that the Purchaser will notify the Vendor that it will assume), intellectual properties, licenses, and goodwill as specifically described in the Sale and Purchase Agreement, free from any encumbrance and claims.

## **Consideration**

The Consideration for the Acquisition amounts to S\$2,900,000 (equivalent to approximately HK\$18,183,000) which shall be payable by the Purchaser in the following manner:

- (a) 30% of the Consideration (S\$870,000 or equivalent to approximately HK\$5,454,900) shall be paid to the Escrow Agent on the date of signing the Sale and Purchase Agreement for the purpose of meeting any claims by either Party; and
- (b) 70% of the Consideration (S\$2,030,000 or equivalent to approximately HK\$12,728,100) shall be paid to the Vendor on Completion.

The Consideration was agreed after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms.

## **Conditions precedent**

Completion is conditional upon the satisfaction, on or prior to the earlier of the Long Stop Date, of, among others, the following conditions which may be waived in writing by the Purchaser:

- (a) the Purchaser's notification to the Vendor in writing that it is initially reasonably satisfied with the results of the Due Diligence Exercise;

- (b) the Purchaser having secured and obtained all relevant corporate and stock exchange approvals, and all regulatory approvals and Consents, authorising the Purchaser to enter into and implement the obligations contained in the Sale and Purchase Agreement and such regulatory approvals not having been withdrawn or modified at any time prior to Completion;
- (c) the Purchaser having secured in its name, the necessary Licenses and Consents from SGNIC and other relevant authorities on terms and conditions acceptable to the Purchaser for the utilisation of the Assets in the Business after Completion, or otherwise required for the conduct of the Business by the Purchaser;
- (d) the Vendor having obtained (i) the written Consent of each Supplier to a Notified Supply Contract for the novation from the Vendor to the Purchaser of all rights and obligations in respect of each such Notified Supply Contract with the same terms and conditions of the contract with effect from Completion or (ii) the written Consent of each Supplier to the assignment from the Vendor to the Purchaser of all rights, title and interests in and to the Notified Supply Contract with the same terms and conditions of the contract, if such an assignment requires the Consent of the Contracting Party to have force and effect and where the Vendor is prepared to dispense with a novation; and
- (e) the Vendor and/or the Vendor Shareholders not acting or failing or omitting to act in violation of any of the provisions of the Sale and Purchase Agreement.

## **Completion**

Completion will take place on the third business day after the last condition precedent has been fulfilled upon which the Vendor will, among others, deliver or cause to be delivered:

- (a) to the Purchaser duly executed novations and assignments as well as all business records; and
- (b) to each Customer a written notice that the Vendor has assigned all of its rights, titles, interests, benefits and obligations under the Customer Contracts in favour of the Purchaser.

On Completion and against the delivery by the Vendor of the documents and instruments aforesaid, the Purchaser shall remit the 2<sup>nd</sup> tranche of the Consideration as described above to the Vendor.

## **INFORMATION ON THE GROUP**

### *The Group*

The principal activity of the Company is investment holding. The Group currently has a portfolio of business interests in the telecommunications and information technology sectors in the United States, China, Hong Kong and Singapore and is actively pursuing other opportunities that are complementary to its existing operations or have high growth potential, ability to generate healthy cashflows and capabilities to produce optimum return on capital.

*Cybersite Services Pte Ltd.*

Cybersite Services Pte Ltd. is a newly incorporated company indirectly wholly-owned by the Company for the purpose of consummating the Acquisition and carrying on the business of the registration and management of local domain names, website hosting, email and other service hosting and other ancillary services.

## **INFORMATION ON THE VENDOR**

The Vendor is a company owned by the Vendor Shareholders and carrying on the business of the registration and management of local domain names, website hosting, email and other service hosting and other ancillary services.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Board believes that the Group can accelerate its plan of broadening data service offerings by the Group's telecom operations in Singapore to its customers, while the Business generates healthy cashflow to complement the Group's telecom operations in Singapore through the Acquisition. The Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and are on normal commercial terms and the Acquisition is in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain of the applicable percentage ratios in respect of the Acquisition exceeds 5% but is less than 25%, the entering into the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Rule 14.34 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Assets pursuant to the Sale and Purchase Agreement
"Assets"	all rights, title and interest in and to the assets and materials in connection with the Business to render the Cybersite Services to the customers, including customer base, contracts, intellectual properties, licenses, deposits, and goodwill, as specifically described in the Sale and Purchase Agreement
"Board"	the board of Directors

“Business”	the business which the Vendor is principally engaged in, including but is not limited to, registration and management of local domain names, website hosting, email and other service hosting and all ancillary activities relevant thereto
“Company”	e-Kong Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement
“Consent(s)”	includes an approval, authorisation (public and private), concession, exemption, filing, grant, licence, notarisation, order, permission, permit, recording or registration or the fulfillment of the requirements in relation thereto
“Consideration”	consideration payable by the Purchaser to the Vendor for the Acquisition
“Contracts”	all Customer Contracts and Supply Contracts
“Contracting Party”	any person who is a party to any of the Contracts other than the Vendor
“Customer”	the Contracting Party to a Customer Contract
“Customer Contracts”	any and all contracts, understandings, or arrangements between a Customer and the Vendor for the supply of the goods and/or services by the Vendor in relation to the Business, including all amendments, and other modifications thereto, and includes the Customer Contracts as specifically described in the Sale and Purchase Agreement
“Cybersite Services”	the Business carried on by the Vendor which involves the registration and management of local domain names, website hosting, email, and other service hosting and other ancillary services
“Director(s)”	the director(s) of the Company
“Due Diligence Exercise”	the financial, legal, environment, taxation, trading and operational due diligence to be conducted by the Purchaser on the Vendor in respect of the Business and the Assets
“Escrow Agent”	Kelvin Chia Partnership, the solicitors for the Purchaser

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Licenses”	all and any approvals, permits, exemptions, orders, authorisations (public and private) and approvals which are relevant or necessary to enable the Vendor to carry on the Business, including but not limited to licenses and approvals granted by SGNIC and other governmental regulatory agencies
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	four (4) months from the date of the Sale and Purchase Agreement or such extended date as the Parties may mutually agree in writing
“Notified Supply Contract”	a Supply Contract that the Purchaser has notified to the Vendor in writing that it wishes to acquire at any time from the date of the Sale and Purchase Agreement
“Parties”	the Purchaser, the Vendor and each of the Vendor Shareholders; and “Party” shall mean any one of them
“Purchaser”	Cybersite Services Pte Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“S\$”	Singapore dollar(s), the lawful currency of Singapore, and the exchange rate for the purpose of this announcement is S\$1 = HK\$6.27
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 May 2012 entered into between the Vendor, the Purchaser and the Vendor Shareholders in relation to the Acquisition
“SGNIC”	the Singapore Network Information Centre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	the Contracting Party to a Supply Contract

“Supply Contract”	any and all contracts, understandings, or arrangements between a Supplier and the Vendor which are made for the supply of the goods and/or services by a Supplier in relation to the Business, including all amendments, extension, renewals and other modifications thereto and includes the Supply Contracts as specifically described in the Sale and Purchase Agreement
“Vendor”	Cybersite Pte Ltd., a company incorporated in Singapore
“Vendor Shareholders”	Chiam Geak Seng, the legal and beneficial owner of 135,900 ordinary shares in the Vendor and Chiu Sok Peng, the legal and beneficial owner of 15,100 ordinary shares in the Vendor
“%”	per cent

By Order of the Board  
**Lau Wai Ming Raymond**  
*Company Secretary*

Hong Kong, 22 May 2012

*As at the date of this announcement, the Board of the Company comprises Executive Directors, Richard John Siemens and Lim Shyang Guey; Non-executive Directors, William Bruce Hicks and Jennifer Wes Saran; and Independent Non-executive Directors, John William Crawford J.P., Gerald Clive Dobby and Shane Frederick Weir.*