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**PROPOSED CAPITAL REORGANISATION
PROPOSED RIGHTS ISSUE
WHITEWASH WAIVER
AND
GENERAL MANDATES TO ISSUE AND REPURCHASE NEW SHARES**

Financial Adviser to the Company



**華富嘉洛證券融資有限公司
Quam Capital Limited**

The Company proposes to effect the Capital Reorganisation and the Rights Issue.

PROPOSED CAPITAL REORGANISATION

Under the Capital Reorganisation, the capital of the Company will be reorganised in the following manner:

- (a) the nominal value of the issued ordinary share capital of the Company will be reduced from HK\$0.02 per Existing Share to HK\$0.0005 per share by way of the cancellation of HK\$0.0195 per share;
- (b) every 20 issued shares of HK\$0.0005 each will then be consolidated into one New Share of HK\$0.01;
- (c) the amount of HK\$1,196,238,291 standing to the credit of the share premium account of the Company as at the date of this announcement will be cancelled; and
- (d) the subdivision of each authorised and unissued Existing Share into two New Shares.

The credit amount of HK\$91,824,369 arising from the Capital Reduction and the amount of HK\$1,196,238,291 standing to the credit of the share premium account will set-off against the accumulated losses of the Company of HK\$680,601,035 as at 31 December 2001, resulting in a credit balance of HK\$607,461,625 standing in the credit of the contributed surplus account of the Company.

Each board lot of shares of the Company will be changed from 4,000 to 10,000.

PROPOSED RIGHTS ISSUE

The Company proposes to raise about HK\$28.25 million before expenses by issuing not less than 235,447,100 Rights Shares at a price of HK\$0.12 per Rights Share. Other than the Excluded Rights Shares that Mr. Siemens, Mr. Hicks and Mr. Saran have undertaken to subscribe for, the Rights Issue is fully underwritten by Interventure.

The Company will provisionally allot one Rights Share for every New Share (equivalent to 20 Existing Shares) held by the Qualifying Shareholders. The Rights Issue is not available to Overseas Shareholders.

The Rights Issue is subject to the conditions set out below under the section headed “Conditions of the Rights Issue”. In particular, the Rights Issue is conditional upon, inter alia, the Capital Reorganisation becoming effective, the approval by the Independent Shareholders at the SGM of the Rights Issue and the Whitewash Waiver, and the obligations of Interventure under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provisions regarding force majeure referred to in the section headed “Termination of the Underwriting Agreement” below.

WARNING OF THE RISK OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

New Shares will be dealt with on an ex-rights basis from 25 November 2002. Dealings in the Rights Shares in the nil-paid form will take place from 2 December 2002 to 9 December 2002 (both days inclusive). If prior to 17 December 2002, the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by Interventure, the Rights Issue will not proceed.

Any persons contemplating buying or selling New Shares from 25 November 2002 to 17 December 2002 which all such conditions are fulfilled (which is expected to be 17 December 2002), and contemplating buying or selling nil-paid Rights Shares between 2 December 2002 and 9 December 2002 (both days inclusive), bear the risk that the Rights Issue may not become unconditional and may not proceed.

Investors may wish to obtain professional advice regarding dealings in New Shares or nil-paid Rights Shares during these periods.

To qualify for the Rights Issue, any transfer of shares must be lodged for registration with the Company’s branch share registrars in Hong Kong, Secretaries Limited, 5/F Wing On Centre, 111 Connaught Road, Central, Hong Kong, by 4:00 p.m. on 26 November 2002.

WHITEWASH WAIVER

In the event that Interventure is called upon to subscribe for its obligations under the Underwriting Agreement in full, the aggregate shareholding interests of Interventure and parties acting in concert with it will increase from about 19.34% to about 59.67% (assuming no Share Options are duly exercised before the Record Date). Under Rule 26 of the Takeovers Code, the fulfillment of Interventure’s proposed underwriting commitment will potentially trigger a mandatory offer by Interventure and parties acting in concert with it, for all the securities of the Company other than those already owned by Interventure and parties acting in concert with it. Application will be made by Interventure to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the SGM.

GENERAL MANDATES

In connection with the enlarged share capital as a result of the Rights Issue, the Directors will also seek the approval of the Shareholders for the grant of general mandates to repurchase securities and to issue securities not exceeding 10% and 20% respectively of the issued share capital of the Company as enlarged by the Rights Issue at the SGM.

GENERAL

A circular containing, among others, details of the Capital Reorganisation, the Rights Issue and the Whitewash Waiver, a letter from the independent board committee of the Company and a letter of advice from the independent financial adviser together with a notice convening the SGM will be despatched to the Shareholders and holders of Share Options (for information only) as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Existing Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 4 October 2002 pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in the Existing Shares from 9:30 a.m. on 8 October 2002.

PROPOSED CAPITAL REORGANISATION

The Board intends to put forward the Capital Reorganisation for approval by the Shareholders at the SGM to be convened. Under the Capital Reorganisation, the capital of the Company will be reorganised in the following manner:

- (a) the nominal value of the issued share capital of the Company will be reduced from HK\$0.02 per Existing Share to HK\$0.0005 per share by way of the cancellation of HK\$0.0195 per share;
- (b) every 20 issued shares of HK\$0.0005 each will then be consolidated into one New Share of HK\$0.01;
- (c) the amount of HK\$1,196,238,291 standing to the credit of the share premium account of the Company as at the date of this announcement will be cancelled; and
- (d) the subdivision of each authorised and unissued Existing Shares into two New Shares.

The credit amount of HK\$91,824,369 arising from the Capital Reduction and the amount of HK\$1,196,238,291 standing to the credit of the share premium account will set-off against the accumulated losses of the Company of HK\$680,601,035 as at 31 December 2001 and, resulting in a credit balance of HK\$607,461,625 standing in the credit of the contributed surplus account of the Company.

Each board lot of shares in the Company will be changed from 4,000 to 10,000 after the Capital Reorganisation.

Fractional entitlement of the New Shares

Any fractional entitlement of the New Shares will be aggregated, sold and retained for the benefit of the Company.

Free exchange of New Shares certificates and parallel trading arrangements

Subject to the Capital Reorganisation becoming effective, which is expected to be on or around 22 November 2002, Shareholders may on or after 22 November 2002 until 6 January 2003 submit certificates for the Existing Shares to the Company's branch registrars in Hong Kong, Secretaries Limited, 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong, for exchange, at the expense of the Company, for certificates of the New Shares in issue. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for the New Shares. Nevertheless, certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the New Shares at any time.

Further details in relation to the parallel trading arrangements for the Existing Shares and the New Shares are set out in the timetable below.

Arrangement for the matching services of odd lots shares

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company will procure an agent to stand in the market to match the sales and purchases of odd lots of the New Shares on best effort basis during the period from 22 November 2002 to 8 January 2003 (both days inclusive). Shareholders who wish to take advantage of this matching facility either to dispose of their odd lots of New Shares or top up to board lots of 10,000 New Shares, may contact the agent. Further details of the agent will be disclosed in the circular to be despatched on or before 28 October 2002.

Reasons for the Capital Reorganisation

The Company's issued Existing Shares of HK\$0.02 are being traded on the Stock Exchange below its nominal value. The Existing Shares were traded in the range of HK\$0.01 to HK\$0.013 during the one month period up to and including the date of this announcement. Under applicable laws and the Company's bye-laws, the Company is not allowed to issue shares below its nominal value. The Capital Reorganisation will facilitate the Rights Issue and future capital raisings by issuing shares of the Company.

As stated in the financial statements of the Company for the year ended 31 December 2001, the Company had accumulated losses of HK\$680,601,035 as at 31 December 2001. The Capital Reduction and Share Premium Cancellation will allow the Company to eliminate the accumulated losses and as a result, will enable the Company to declare dividends to the Shareholders at an earlier opportunity than by generating profits to offset such losses.

The Board believes that the Capital Reorganisation is beneficial to the Company and its Shareholders as a whole.

Effects of the Capital Reorganisation

Other than the expenses incurred relating to the Capital Reorganisation, implementation of the Capital Reorganisation will not, of itself, affect the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders.

The effects of the Capital Reorganisation are summarised below:

	Immediately prior to the Capital Reorganisation (Note)	Upon the Capital Reorganisation becoming effective
Nominal value of each share	HK\$0.02	HK\$0.01
Number of authorised shares	6,000,000,000	12,000,000,000
Authorised share capital	HK\$120,000,000	HK\$120,000,000
Number of shares in issue	4,708,942,008	235,447,100
Issued and fully paid up share capital	HK\$94,178,840	HK\$2,354,471

Note: The issued share capital immediately prior to the Capital Reorganisation are presented here on the

assumption that no further Existing Shares would be issued as a result of any exercise of the rights under the share option scheme of the Company after the date of this announcement but prior to the effective date of the Capital Reorganisation.

Conditions of the Capital Reorganisation

The completion of the Capital Reorganisation will be conditional upon, inter alia:

- (a) the approval by the Shareholders at the SGM of Capital Reduction, Share Consolidation, Share Premium Cancellation and Share Subdivision;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares; and
- (c) the publication of a notice in relation to the Capital Reorganisation in Bermuda in accordance with the Companies Act.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One Rights Share for every New Share (equivalent to 20 Existing Shares) held on the Record Date
Number of Existing Shares in issue	:	4,708,942,008 Existing Shares as at the date of this announcement
Number of New Shares in issue after the Capital Reorganisation become effective	:	235,447,100 New Shares
Outstanding Share Options granted	:	Share Options entitling the holders thereof (excluding Mr. Siemens) to subscribe for 101,658,509 Existing Shares or 5,082,925 New Shares
Number of Rights Shares	:	Not less than 235,447,100 Rights Shares and not more than 240,530,025 Rights Shares

Qualifying Shareholders

The Company will send the Rights Issue Documents to the Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must:

- be registered as a member of the Company at the close of business on the Record Date; and
- have an address in Hong Kong which appears on the register of members of the Company on Record Date.

In order to be registered as a member on the Record Date, Shareholders must lodge any transfers of

shares (with the relevant share certificates) with the Company's branch registrars in Hong Kong by 4:00 p.m. on 26 November 2002.

The Company's branch registrars in Hong Kong is:

Secretaries Limited
5/F, Wing On Centre
111 Connaught Road Central
Hong Kong

The register of members of the Company will be closed on 27 November 2002. No transfer of shares will be registered during on that day.

Subscription Price

The subscription price for the Rights Shares is HK\$0.12 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

Assuming that the Capital Reorganisation has become effective, the Subscription Price represents:

- a discount of about 40% to the adjusted closing price of about HK\$0.20 per New Share as quoted on the Stock Exchange on 4 October 2002, being the last trading day prior to the date of this announcement;
- a discount of about 40% to the adjusted average closing price of about HK\$0.20 per New Share for the 10 trading days up to and including 4 October 2002, being the last trading day prior to the date of this announcement; and
- a discount of about 25% to the theoretical ex-rights price of about HK\$0.16 per New Share based on the adjusted closing price as quoted on the Stock Exchange on 4 October 2002, being the last trading day prior to the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and Interventure. The Directors consider the Subscription Price to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank pari passu in all respects with the New Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares.

Nil-paid Rights Shares are expected to be traded in board lots of 10,000 (New Shares then in issue will be traded in board lots of 10,000). Dealings in nil-paid and fully-paid Rights Shares will be subject to the payment of stamp duty in Hong Kong.

Rights of Overseas Shareholders

The Rights Issue Documents will not be registered under the securities legislation of any jurisdictions other than Hong Kong and Bermuda. The Company will send the Prospectus to the Overseas Shareholders for their information only and will not send provisional allotment letter or form of application for excess Rights Shares to the Overseas Shareholders.

If a premium (net of expenses) can be obtained, the Company will sell the provisional allotment of

Rights Shares which would otherwise have been allotted to the Overseas Shareholders once dealings in the nil-paid Rights Shares commence. The proceeds of the sale of individual Overseas Shareholders' nil-paid Rights Shares, less expenses, of HK\$100 or more will be paid to the Overseas Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements of the Overseas Shareholders and any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis, but will give preference to topping-up odd lots to whole board lots.

Certificates of the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to the subscribers who have been allotted the relevant Rights Shares by 19 December 2002.

Conditions of the Rights Issue

The Rights Issue is conditional upon, inter alia, the following conditions being fulfilled:

- (a) the Company despatching the SGM circular to the Shareholders;
- (b) the passing by the Shareholders at the SGM of special resolutions to approve the Capital Reorganisation;
- (c) the passing by the Independent Shareholders at the SGM of ordinary resolutions to approve the Rights Issue and Whitewash Waiver;
- (d) the Capital Reorganisation being implemented;
- (e) the Executive granting to Interventure and parties acting in concert with it a waiver from making a general offer for the securities of the Company not already owned by Interventure and parties acting in concert with it and the satisfaction of any condition attached to the waiver by the Executive;
- (f) the Listing Committee of the Stock Exchange having granted (subject to allotment) and not revoked the listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms;
- (g) the Bermuda Monetary Authority having given its consent (if applicable) to the issue and free transferability of the Rights Shares on their terms;
- (h) the registration of the Rights Issue Documents with the Companies Registry in Hong Kong; and
- (i) the filing of the Rights Issue Documents with the Registrar of Companies in Bermuda.

The above conditions of the Rights Issue cannot be waived by the Company and/or the Underwriter under

the terms of the Underwriting Agreement. If any of the conditions of the Rights Issue are not fulfilled on or around the date of issue of the Rights Issue Documents on 27 November 2002 (or such later date as the Underwriter and the Company shall agree, provided such later date being not later than 5:00 p.m. on 31 December 2002), neither the Underwriter nor the Company shall have any rights or be subject to any obligations arising from the Underwriting Agreement to accept their entitlement under the Rights Issue and the Rights Issue will lapse.

Reasons for the Rights Issue and the use of proceeds

The Company is an investment holding company, its subsidiaries are principally engaged in the provision of telecommunication services.

The estimated net proceeds of the Rights Issue of about HK\$25.75 million (assuming no outstanding Share Options are exercised before the Record Date) will be used for general working capital for existing telecommunication business of the Group. The Directors believe that it is in the interests of the Company and the Shareholders as a whole to enlarge the capital base of the Company through the Rights Issue, as the enlarged capital base will support the continuing development of the Group's existing business activities. The Rights Issue will allow the Shareholders to participate in the growth of the Group.

UNDERWRITING ARRANGEMENTS OF THE RIGHTS ISSUE

Underwriting Agreement

Date	:	4 October 2002
Underwriter	:	Interventure Group Limited
Number of Shares underwritten	:	Not less than 189,921,318 Rights Shares and not more than 195,004,243 Rights Shares (<i>Note</i>)
Commission	:	2% of the total issue price of the Rights Shares underwritten by the Underwriter
		The maximum commission to be received by the Underwriter will be approximately HK\$468,010.

Note: These figures excluding 45,525,782 Rights Shares provisionally allotted to Mr. Siemens, Mr. Saran, Mr. Hicks in respect of their respective beneficial shareholdings.

As at the date of this announcement, Interventure is a company beneficially owned as to 1/3 by Mr. Siemens, 1/3 by Mr. Saran and 1/3 by Mr. Hicks. It is an investment holding company whose ordinary course of business does not include underwriting of securities. Mr. Siemens, Mr. Saran and Mr. Hicks and companies controlled by them are beneficially interested in 910,515,642 Existing Shares in aggregate, representing about 19.34% of the Company's existing share capital.

The Underwriting Agreement is a connected transaction which is exempted from Shareholders' approval requirements pursuant to Rule 14.24(5) of the Listing Rules.

Irrevocable undertakings from Mr. Siemens, Mr. Saran and Mr. Hicks

Mr. Siemens has undertaken that the 513,529,500 Existing Shares beneficially owned by companies controlled by him will remain registered in their respective names from the date of this announcement to the Record Date. Mr. Siemens has also irrevocably undertaken to subscribe or procure subscribers for their provisional entitlements in full, amounting to 25,676,475 Rights Shares.

Mr. Hicks has undertaken that the 210,036,642 Existing Shares beneficially owned by him and companies

controlled by him will remain registered in their respective names from the date of this announcement to the Record Date. Mr. Hicks has also irrevocably undertaken to subscribe or procure subscribers for their provisional entitlements in full, amounting to 10,501,832 Rights Shares.

Mr. Saran has undertaken that the 186,949,500 Existing Shares beneficially owned by him and companies controlled by him will remain registered in their respective names from the date of this announcement to the Record Date. Mr. Saran has also irrevocably undertaken to subscribe or procure subscribers for their provisional entitlements in full, amounting to 9,347,475 Rights Shares.

Termination of the Underwriting Agreement

It should be noted that the Underwriting Agreement contains provisions granting Interventure, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events.

Interventure may terminate its commitment under the Underwriting Agreement if prior to the despatch of the Rights Issue Documents or 4:30 p.m. on the second business day after the Latest Acceptance Date:

- (a) any of the representations and warranties made by the Company set out in the Underwriting Agreement was untrue or incorrect in any material respect when made or deemed to be made or would, if repeated by reference to facts and circumstances in existence at any time prior to 4:30 p.m. on the second business day after the Latest Acceptance Date, be untrue or incorrect in any material respect;**
- (b) that the Company is otherwise materially in breach of any of its obligations under the Underwriting Agreement; or**
- (c) any of the conditions to which the obligations of the Underwriter under the Underwriting Agreement are subject are not fulfilled or are likely to be not fulfilled for any reason whatsoever; or**
- (d) that there shall have occurred any change in national or international, financial, monetary, economic or political conditions (including fluctuations in exchange rates) or there shall have occurred abnormal market conditions or the outbreak of conflict or hostilities or any other event which, in the reasonable opinion of the Underwriter, is or is likely to be materially prejudicial to the business or financial position of the Group taken as a whole or the Rights Issue.**

CHANGE IN SHAREHOLDING STRUCTURE

Set out below are tables showing the changes in shareholding structure after the Capital Reorganisation and the Rights Issue:

	Existing shareholding structure		Upon the Capital Reorganisation becoming effective and before the Rights Issue		After the Rights Issue (Assuming that all Share Options except Share Options held by Mr. Siemens are exercised before the Record Date, and the Underwriter is not required to take up any Rights Shares pursuant to the Underwriting Agreement) (Note)		After the Rights Issue (Assuming that no Share Options are duly exercised before the Record Date), and the Underwriter is required to take up all Rights Shares pursuant to the Underwriting Agreement)		After the Rights Issue (Assuming that all Share Options except Share Options are held by Mr. Siemens are duly exercised before the Record Date, and the Underwriter is required to take up all Rights Shares pursuant to the Underwriting Agreement) (Note)	
	Number of Existing Shares	%	Number of New Shares	%	Number of New Shares	%	Number of New Shares	%	Number of New Shares	%
Underwriter	–	–	–	–	–	–	189,921,318	40.33	195,004,243	40.54
Mr. Siemens	513,529,500	10.91	25,676,475	10.91	51,352,950	10.67	51,352,950	10.91	51,352,950	10.67
Mr. Hicks	210,036,642	4.46	10,501,832	4.46	21,003,664	4.37	21,003,664	4.46	21,003,664	4.37
Mr. Saran	186,949,500	3.97	9,347,475	3.97	18,694,950	3.89	18,694,950	3.97	18,694,950	3.89
Subtotal	910,515,642	19.34	45,525,782	19.34	91,051,564	18.93	280,972,883	59.67	286,055,807	59.46
Other Directors	100,000	0.00	5,000	0.00	4,891,850	1.02	5,000	0.00	2,445,925	0.51
Public Shareholders	3,798,326,366	80.66	189,916,318	80.66	385,116,636	80.05	189,916,317	40.33	192,558,318	40.03
Total	<u>4,708,942,008</u>	<u>100.00</u>	<u>235,447,100</u>	<u>100.00</u>	<u>481,060,050</u>	<u>100.00</u>	<u>470,894,200</u>	<u>100.00</u>	<u>481,060,050</u>	<u>100.00</u>

Note: The Share Options held by Mr. Siemens will not be exercised between the date of this announcement and the SGM in accordance with the requirement for Whitewash Waiver.

WHITEWASH WAIVER

None of Interventure or any of its concert parties has acquired any voting rights of the Company for the period from 8 April 2002 (being six months prior to the date of this announcement) to the date of this announcement. In the event that Interventure is called upon to subscribe for its obligations under the Underwriting Agreement in full, the aggregate shareholding interests of Interventure and parties acting in concert with it will increase from about 19.34% to about 59.67% (assuming no Share Options are duly exercised before the Record Date). Under Rule 26 of the Takeovers Code, the fulfillment of Interventure's proposed underwriting commitment will potentially trigger a mandatory offer by Interventure and parties acting in concert with it, for all the securities of the Company other than those already owned by Interventure and parties acting in concert with it. Application will be made by Interventure to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the SGM.

If upon completion of the Rights Issue, Interventure and parties acting in concert with it hold more than 50% of the issued share capital of the Company, Interventure and parties acting in concert with it will be allowed under the Takeovers Code to increase their shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

WARNING OF THE RISK OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

New Shares will be dealt with on an ex-rights basis from 25 November 2002. Dealings in the Rights Shares in the nil-paid form will take place from 2 December 2002 to 9 December 2002 (both days inclusive). If prior to 4:30 p.m. on 17 December 2002, the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by Interventure, the Rights Issue will not proceed.

Any persons contemplating buying or selling New Shares from 25 November 2002 to 17 December 2002 which all such conditions are fulfilled (which is expected to be 17 December 2002), and contemplating buying or selling nil-paid Rights Shares between 2 December 2002 and 9 December 2002 (both days inclusive), bear the risk that the Rights Issue may not become unconditional and may not proceed.

Investors may wish to obtain professional advice regarding dealings in New Shares or nil-paid Rights Shares during these periods.

EXPECTED TIMETABLE

Despatch of circular with notice of SGM	Monday, 28 October 2002
Latest time for lodging forms of proxy for the SGM	10:00 a.m., Tuesday, 19 November 2002
Date of SGM	10:00 a.m., Thursday, 21 November 2002
Announcement of results of SGM	Friday, 22 November 2002
Effective date of the Capital Reorganisation	Friday, 22 November 2002
Dealings in New Shares commences	9:30 a.m., Friday, 22 November 2002
Free exchange of existing share certificates for new share certificate commences	9:30 a.m., Friday, 22 November 2002
Temporary counter for trading in New Shares in board lots of 200 New Shares (in the form of existing certificate) opens	9:30 a.m., Friday, 22 November 2002
Existing counter for trading in Existing Shares (in board lots of 4,000 Existing Shares) closes	9:30 a.m., Friday, 22 November 2002
Designated broker starts to stand in the market to provide matching service	Friday, 22 November 2002
Latest time of dealings in Existing Shares on a cum-rights basis	4:00 p.m., Friday, 22 November 2002
Commencement of dealings in Existing Shares on an ex-rights basis	Monday, 25 November 2002
Latest time for lodging transfer of shares on cum-rights basis	4:00 p.m., Tuesday, 26 November 2002
Despatch of Rights Issue Documents	Wednesday, 27 November 2002
Register of members closes	Wednesday, 27 November 2002
Record Date	Wednesday, 27 November 2002
Register of members reopens	Thursday, 28 November 2002
First day of dealings in nil-paid Rights Shares	Monday, 2 December 2002
Latest time for splitting nil-paid Rights Shares	4:00 p.m., Wednesday, 4 December 2002
Existing counter for trading in New Shares in board lots of 10,000 New Shares (in the form of new share certificate) reopens	9:30 a.m., Friday, 6 December 2002
Parallel trading in New Shares (in the form of both existing and new share certificate) begins	9:30 a.m., Friday, 6 December 2002
Last day of dealings in nil-paid Rights Shares	Monday, 9 December 2002
Latest time for payment and acceptance of Rights Issue	4:00 p.m., Friday, 13 December 2002
Latest time for the Rights Shares to become unconditional	4:30 p.m., Tuesday, 17 December 2002
Announcement of result of the Rights Issue appears on newspapers	Wednesday, 18 December 2002
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares posted on or before	Thursday, 19 December 2002
Despatch of certificates for fully paid Rights Shares on or before	Thursday, 19 December 2002
Dealings in fully paid Rights Shares commences	9:30 a.m., Monday, 23 December 2002

Temporary counter for trading in New Shares in board lots of 200 New Shares (in the form of existing certificates) closes	4:00 p.m., Tuesday, 31 December 2002
Parallel trading in New Shares (in the form of new and existing certificates) ends	4:00 p.m., Tuesday, 31 December 2002
Free exchange of existing share certificates for new share certificates ends	Monday, 6 January 2003
Designated broker ceases to stand in the market to provide matching services	close of business on Wednesday, 8 January 2003

ADJUSTMENT OF EXERCISE PRICES OF SHARE OPTIONS

Subject to the Capital Reorganisation and Rights Issue becoming effective, the exercise prices of the Share Options may be required to be adjusted pursuant to the share option scheme. The Company will send a letter to inform the holders of Share Options regarding the adjustment which is expected to be around 28 November 2002.

GENERAL MANDATES

In connection with the enlarged share capital as a result of the Rights Issue, the Directors will also seek the approval of the Shareholders for the grant of general mandates to repurchase securities and to issue securities not exceeding 10% and 20% respectively of the issued share capital of the Company as enlarged by the Rights Issue at the SGM.

GENERAL

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares and the Rights Shares in both nil-paid and fully-paid forms.

A circular containing, among others, details of the Capital Reorganisation, the Rights Issue, the Whitewash Waiver and general mandates to repurchase and issue New Shares, a letter from the independent board committee of the Company and a letter of advice from the independent financial adviser together with a notice convening the SGM will be despatched to the Shareholders and holders of Share Options (for information only) as soon as practicable. The independent board committee of the Company comprises Mr. Shane Frederick Weir and Mr. Matthew Brian Rosenberg has been set up. Altus Capital Limited has been appointed as the independent financial adviser to advise the independent board committee in respect of the Rights Issue and Whitewash Waiver.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Existing Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 4 October 2002 pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in the Existing Shares from 9:30 a.m. on 8 October 2002.

DEFINITIONS

“Board”	the board of directors of the Company
“Capital Reduction”	the cancellation of HK\$0.0195 paid-up capital for each issued Existing Share
“Capital Reorganisation”	the reorganisation of the capital of the Company consisting of the Capital Reduction, Share Consolidation, Share Premium Cancellation and Share Subdivision
“Company”	e-Kong Group Limited, a company incorporated in Bermuda with limited

liability and the ordinary shares of which are listed on the Stock Exchange

“Companies Act”	Companies Act 1981 of Bermuda
“Excluded Rights Shares”	45,525,782 Rights Shares that Mr. Siemens, Mr. Hicks and Mr. Saran are entitled to subscribe for pursuant to the terms of the Rights Issue in their capacity as Qualifying Shareholders
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Existing Share(s)”	share(s) of HK\$0.02 each in the existing share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s)
“Independent Shareholders”	Shareholders other than Interventure, its associates and parties acting in concert with it (including Mr. Siemens, Mr. Hicks and Mr. Saran)
“Interventure” or “Underwriter”	Interventure Group Limited is an investment holding company incorporated in the British Virgin Islands which is beneficially owned as to 1/3 by Mr. Siemens, 1/3 by Mr. Hicks and 1/3 by Mr. Saran
“Latest Acceptance Date”	being 4:00 p.m. on 13 December 2002, the latest date upon which provisional allotments of Rights Shares in nil-paid form may be validly accepted
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hicks”	Mr. William Bruce Hicks, a non-executive Director who together with companies controlled by him is the beneficial owner of 210,036,642 Existing Shares, representing about 4.46% of the issued share capital of the Company
“Mr. Saran”	Mr. Kuldeep Saran, the Deputy Chairman of the Company who together with companies controlled by him is the beneficial owner of 186,949,500 Existing Shares, representing about 3.97% of the issued share capital of the Company
“Mr. Siemens”	Mr. Richard John Siemens, the Chairman of the Company who together with companies controlled by him is the beneficial owner of 513,529,500 Existing Shares, representing about 10.91% of the issued share capital of the Company
“New Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members

of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong

“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Overseas Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	27 November 2002
“Rights Issue”	the rights issue of one Rights Share for every New Share
“Rights Issue Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	New Share(s) to be issued by the Company in relation to the Rights Issue
“SGM”	the special general meeting of the Company to be convened for the purpose of considering inter alia, the Capital Reorganisation, the Rights Issue and the Whitewash Waiver
“Shareholder(s)”	holder(s) for the time being of the share(s) of the Company
“Share Consolidation”	the consolidation of every 20 Existing Shares currently in issue (as reduced under Capital Reduction) into one New Share
“Share Options”	share options granted under the Company’s share option scheme adopted on 25 October 1999 (as amended)
“Share Premium Cancellation”	the cancellation of the amount of HK\$1,196,238,291 standing to the credit of the share premium account of the Company as at the date of this announcement
“Share Subdivision”	every authorised and unissued Existing Share will be divided into two New Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.12 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 4 October 2002 and entered into between the Company and Interventure in relation to the Rights Issue
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Interventure and parties acting in concert with it to make a mandatory general offer for all the securities of the Company not already owned by Interventure and parties acting in concert with it which would otherwise arise as a result of Interventure subscribing for the Rights Shares under the terms of the Underwriting Agreement
“%”	per cent.

By order of the Board
e-Kong Group Limited
Wang Poey Foon, Angela
Company Secretary

Hong Kong, 7 October 2002

The Directors jointly and severally accept full responsibility for the accuracy of the information contained herein (other than that relating to Interventure) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that relating to Interventure) have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement in the announcement misleading.

The directors of Interventure jointly and severally accept full responsibility for the accuracy of the information contained herein (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement in the announcement misleading.

“Please also refer to the published version of this announcement in The Standard”