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e-KONG
e-Kong Group Limited
(Incorporated in Bermuda with limited liability)
www.e-kong.com
(Stock Code: 524)

**VERY SUBSTANTIAL ACQUISITION,
VERY SUBSTANTIAL DISPOSAL AND
MAJOR TRANSACTION IN RESPECT OF
FORMATION OF ANZ COMMUNICATIONS LLC
AND
RESUMPTION OF TRADING**

Financial Adviser to e-Kong Group Limited



THE TRANSACTION

On 29 September 2010, ZONE US, a wholly-owned subsidiary of the Company, ANPI, ANPI Holding and ANZ (by way of joinder) executed the Contribution Agreement whereby, subject to the fulfilment of certain conditions precedent under the Contribution Agreement, ANZ will be established in the form of a limited liability company in the State of Delaware, U.S.

ZONE US will, following the ZONE US Reorganisation, contribute the ZONE LLC Membership Interests to ANZ in return for a 50% stake in ANZ whereas ANPI Holding will, following the ANPI Reorganisation, contribute the ANPI LLC Membership Interests to ANZ in return for a 50% stake in ANZ. ANZ will principally engage in the Business in the U.S.

Upon the Completion, the LLC Agreement will be executed among the parties thereto as the limited liability company agreement of ANZ in respect of, among other things, the establishment, ownership and management of ANZ.

LISTING RULES IMPLICATIONS

The formation of ANZ constitutes a very substantial acquisition of the Company, while the capital contribution by ZONE US to ANZ in return for a 50% interest in ANZ constitutes a very substantial disposal and a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the approval of the Shareholders.

GENERAL

A circular containing, among other things, further details of the Transaction and the notice to convene the EGM will be despatched to the Shareholders. Since additional time will be required for preparation of the accountants' report of ANPI, certain information of the Group and the pro forma financial information of the Group following the Completion, the Company expects that the circular will be despatched on or before 17 November 2010.

As the completion of the Contribution Agreement and the execution of the LLC Agreement are conditional on the fulfilment of certain conditions precedent, there is no assurance that the Transaction will proceed. Investors should exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

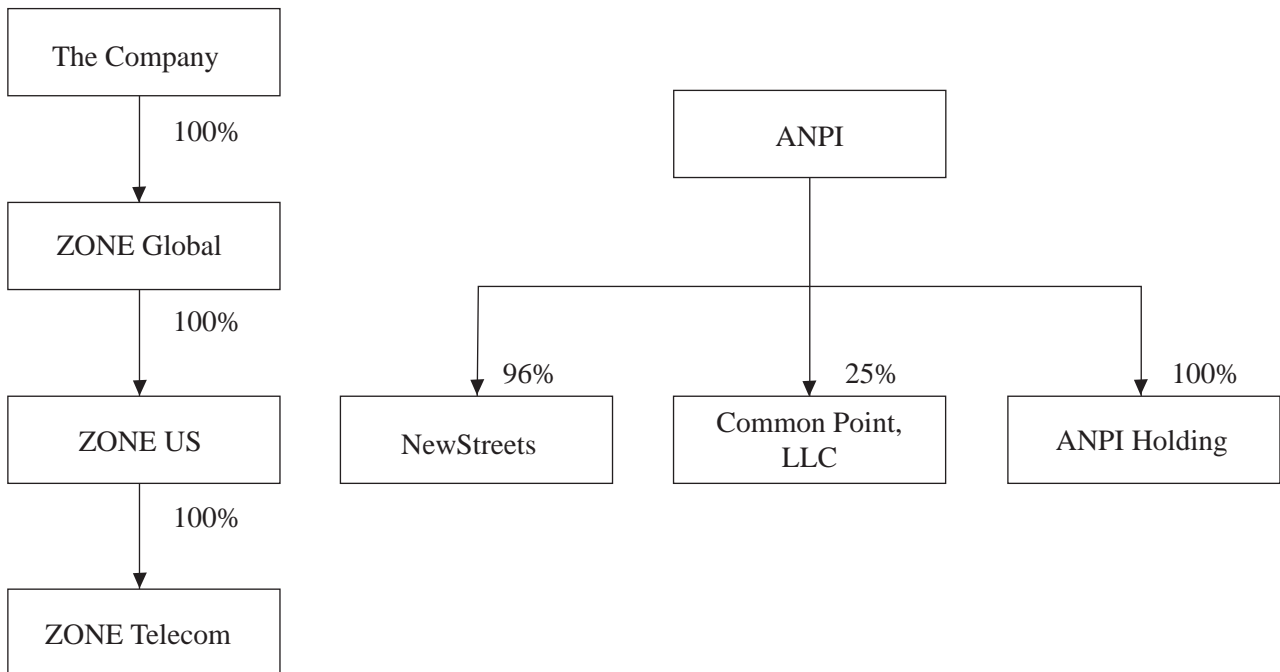
Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 30 September 2010 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 14 October 2010.

THE TRANSACTION

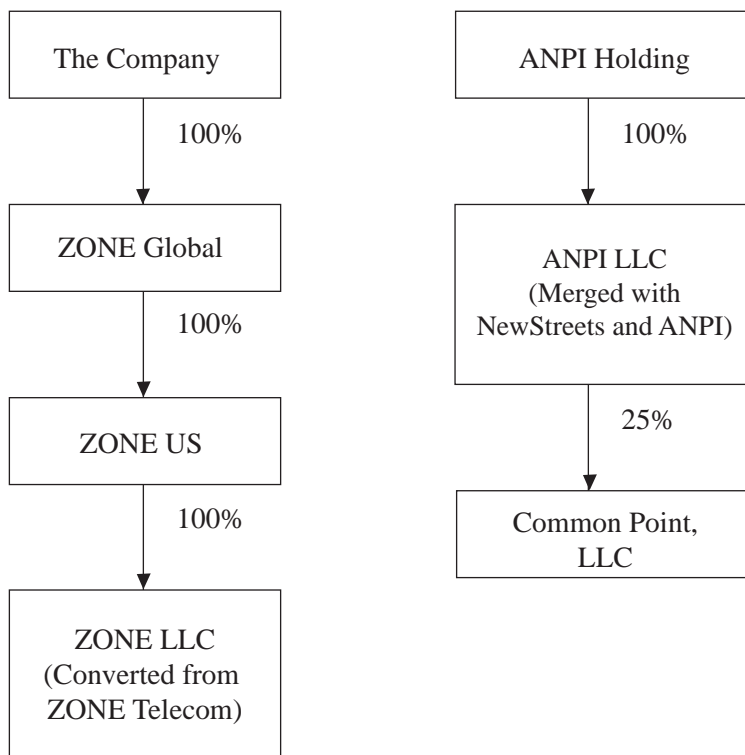
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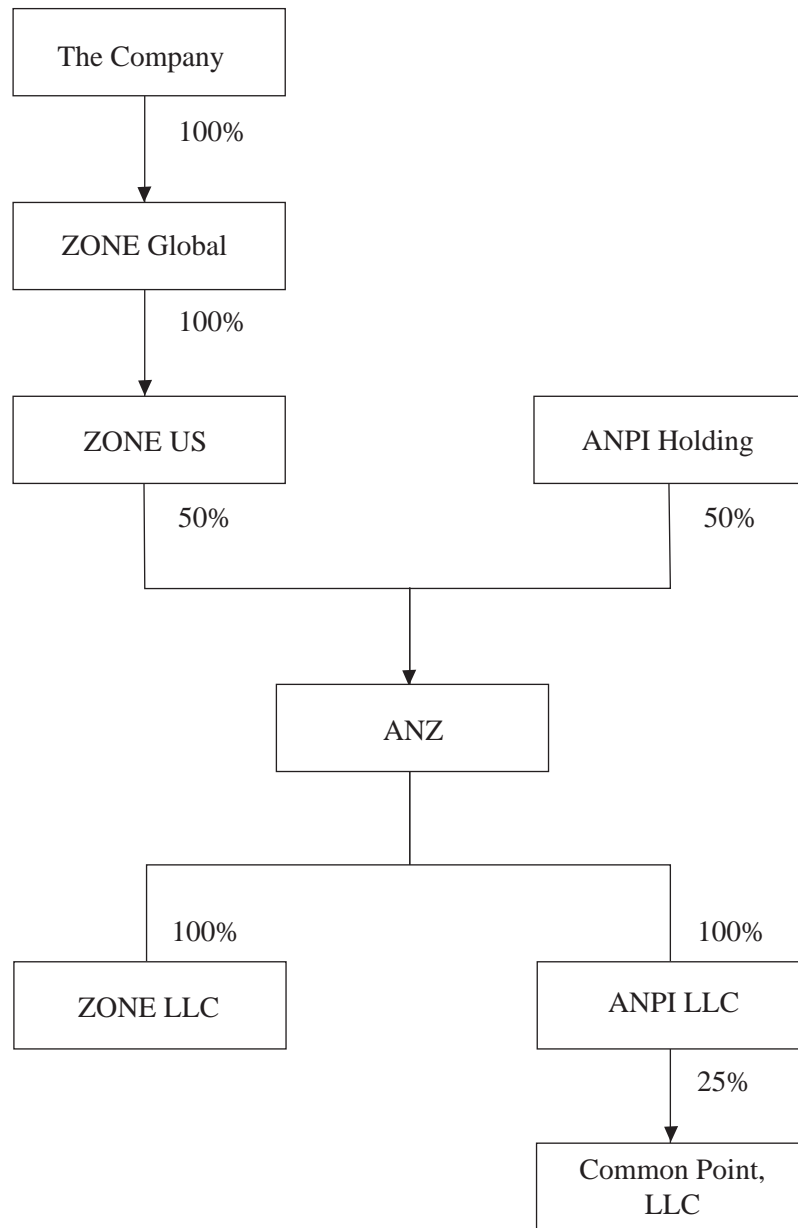
The current simplified corporate structures are illustrated as below:



The simplified corporate structures after the ZONE US Reorganisation and the ANPI Reorganisation but immediately before the Completion are illustrated as below:



The simplified corporate structure immediately after the Completion is illustrated as below:



THE CONTRIBUTION AGREEMENT

Date

29 September 2010

Parties

- (a) ANPI;
- (b) ANPI Holding;

- (c) ZONE US;
- (d) ANZ; and
- (e) on specific warranties only, the Company and ZONE Global.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ANPI, ANPI Holding and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

ANZ will enter into the Contribution Agreement by way of joinder where ANZ agrees to be bound by the Contribution Agreement as though it had signed the Contribution Agreement contemporaneously with the other Parties.

Formation of ANZ

ZONE US and ANPI Holding will establish ANZ which will engage in the Business in the U.S. ANZ will be beneficially owned as to 50% by ZONE US and 50% by ANPI Holding.

Capital contribution

Recognising the synergies that may be realised by the Transaction, ZONE US and ANPI Holding have reached an agreement after arm's length negotiations that each of them will hold 50% of ANZ, taking into account that the respective size of operation of ZONE Telecom and ANPI is similar with reference to the financial performance of the two businesses as described in the sections headed "Information on the Group and ZONE Telecom" and "Information on ANPI" below.

As part of the capital contribution, ZONE US will conduct the ZONE US Reorganisation whereby:

- (a) ZONE Telecom will be converted into ZONE LLC as a wholly-owned subsidiary of ZONE US and as a limited liability company under the laws of the State of Delaware, U.S. but the deferred tax assets of ZONE Telecom, which was incurred by ZONE Telecom in its normal course of business during past years, in the amount of approximately US\$12.3 million (equivalent to approximately HK\$96.2 million) as at 30 June 2010, will be succeeded by ZONE US;
- (b) ZONE US will assume all ZONE Telecom's obligations of and in the term loan advanced by the Company to ZONE Telecom; and
- (c) immediately following the ZONE Conversion, ZONE US will contribute US\$4.6 million (equivalent to approximately HK\$35.8 million) to ZONE LLC as capital contribution, which cash contribution will be financed by internal resources of the Group,

and thereafter ZONE US will contribute the ZONE LLC Membership Interests to ANZ in return for a 50% stake in ANZ.

As part of the capital contribution, ANPI will conduct the ANPI Reorganisation whereby:

- (a) NewStreets will be merged into ANPI, with ANPI being the surviving entity;
- (b) ANPI Holding will have formed ANPI LLC;
- (c) ANPI will be merged into ANPI LLC, with ANPI LLC being the surviving entity but any deferred tax assets of ANPI or NewStreets, which was incurred by ANPI or NewStreets in its normal course of business during past years, in the aggregate amount of approximately US\$1.7 million (equivalent to approximately HK\$13.4 million) as at 30 June 2010, will remain an asset of ANPI Holding after the ANPI Reorganisation;
- (d) immediately after the ANPI Merger, and without any action on the part of ANPI Holding, ANPI will pay ANPI Holding the sum of US\$1,725,000 (equivalent to approximately HK\$13.4 million) in cash and transfer to ANPI Holding the Qualified Patronage Capital Certificates issued by the NRTC to NewStreets and ANPI, representing their membership in NRTC for using NRTC's services and paying income taxes accrued by business activities of NRTC accordingly, the value of which has been accounted for as a component of ANPI's and NewStreets' deferred tax assets as referred to in item (c) above,

and thereafter ANPI Holding will contribute the ANPI LLC Membership Interests to ANZ in return for a 50% stake in ANZ.

The fair value of the ANPI LLC Membership Interests (taking into consideration the financial effect of the ANPI Reorganisation) presented by ANPI Holding amounts to US\$31.5 million (equivalent to approximately HK\$245.4 million). Taking into account the nature of a 50:50 split in ANZ, that such amount largely accords to the Company's historical costs of investment in ZONE Telecom and the deferred tax assets of ZONE Telecom that will be retained by the Group, and other factors such as the telephone switching networks and diversified customer base of ANPI and potential synergies of ANZ, the Directors consider this to be a fair value of the ZONE LLC Membership Interests (taking into account the financial effect of the ZONE US Reorganisation).

Conditions precedent

The Completion is conditional, among other things, upon the satisfaction, on or prior to the earlier of the Long Stop Date or the date of the Completion, of each of the following conditions which may be waived in writing by the Parties:

- (a) consummation of the ZONE US Reorganisation;

- (b) consummation of the ANPI Reorganisation;
- (c) the Company having obtained all necessary Shareholders' and regulatory approvals to the transactions contemplated in the Contribution Agreement, including those arising as a result of the Company being listed on the Stock Exchange;
- (d) the Parties having obtained such approval, pursuant to a Section 214 Certificate of the Communications Act of 1934, as amended, or otherwise, of the transactions contemplated under the Contribution Agreement from the Federal Communications Commission of the U.S. as may be required by applicable law;
- (e) the Parties having obtained approvals of the transactions contemplated under the Contribution Agreement from such U.S. regulatory authorities as may be required by applicable law;
- (f) obtaining the approval by the shareholders of ANPI in respect of the ANPI Reorganisation and other transactions contemplated under the Contribution Agreement, and obtaining the approval by the shareholders of ANPI Holding in respect of the ANPI Capital Contribution and other transactions contemplated under the Contribution Agreement; and
- (g) ANZ having delivered to ANPI, ANPI Holding and ZONE US (i) a copy of ANZ's certificate of formation as filed with the State of Delaware and (ii) an executed joinder in which ANZ agrees to be bound by the Contribution Agreement as though it had signed the Contribution Agreement contemporaneously with the other Parties.

In addition, the obligations of ZONE US to consummate and effect the Contribution Agreement and the transactions contemplated thereunder are conditional upon the satisfaction on or prior to the Completion of the following conditions, any of which may be waived, in writing, by ZONE US:

- (a) the representations and warranties of ANPI and ANPI Holding set forth in the Contribution Agreement will be true and correct in all material respects as of such specified date or period;
- (b) ANPI and ANPI Holding will have performed and complied in all material respects with all covenants, obligations and conditions of the Contribution Agreement required to be performed and complied with by them as of the Completion;
- (c) ZONE US will be provided with a certificate dated as of the date of the Completion certifying that conditions (a) and (b) will have been fulfilled; and

- (d) except for the ANPI Reorganisation, there will not have occurred any change since the date of the Contribution Agreement that constitutes a material adverse effect on NewStreets, ANPI and ANPI Holding or, following the ANPI Merger, ANPI LLC, determined without regard to whether such change constitutes a breach of a representation or warranty.

The obligations of ANPI and ANPI Holding to consummate and effect the Contribution Agreement and the transactions contemplated thereunder are conditional upon the satisfaction, on or prior to the Completion, of each of the following conditions, any of which may be waived, in writing, by ANPI Holding:

- (a) the representations and warranties of ZONE US set forth in the Contribution Agreement will be true and correct in all material respects as of such specified date or period;
- (b) ZONE US will have performed and complied in all material respects with all covenants, obligations and conditions of the Contribution Agreement required to be performed and complied with by it as of the Completion;
- (c) ANPI Holding shall have been provided with a certificate dated as of the date of the Completion certifying that conditions (a) and (b) will have been fulfilled; and
- (d) except for the ZONE Reorganisation, there will not have occurred any change since the date of the Contribution Agreement that constitutes a material adverse effect on ZONE US, ZONE Telecom or following the ZONE Conversion, ZONE LLC, determined without regard to whether such change constitutes a breach of a representation or warranty.

Completion

Completion will take place on the date that is not more than five days after the date on which all conditions set out in the Contribution Agreement (as described in the section headed “Conditions precedent” above) have been fulfilled (or such later date as the Parties may agree in writing prior to the Completion).

At the Completion:

- (a) ZONE US will contribute to ANZ, as a capital contribution, the ZONE LLC Membership Interests, in exchange therefor ZONE US will receive 400 Class A Units;
- (b) ANPI Holding will contribute to ANZ, as a capital contribution, the ANPI LLC Membership Interests, in exchange therefor ANPI Holding will receive 400 Class A Units; and
- (c) the LLC Agreement will be executed by the parties thereto.

Termination

The Contribution Agreement will be terminated:

- (a) at the option of either ANPI Holding or ZONE US if the Completion has not occurred by the Long Stop Date unless the Parties otherwise agree prior to such Long Stop Date, provided that neither ANPI Holding nor ZONE US may exercise such termination right, if such party's breach of the Contribution Agreement or the failure of such party or its affiliates to consummate the ZONE US Reorganisation or the ANPI Reorganisation, has prevented consummation of the transactions contemplated in the Contribution Agreement;
- (b) ANPI Holding may terminate the Contribution Agreement if ZONE US fails to perform its obligations and agreements thereunder and such failure is not cured within the earlier of twenty business days of written notice thereof by ANPI Holding and the Long Stop Date; and
- (c) ZONE US may terminate the Contribution Agreement if ANPI Holding or ANPI fails to perform its obligations and agreements thereunder and such failure is not cured within the earlier of twenty business days of written notice thereof by ZONE US and the Long Stop Date.

Warranties by ZONE US, the Company and ZONE Global

Under the Contribution Agreement, ZONE US, the Company and ZONE Global have made certain warranties and representations on, among other things, due corporate existence and proper authorisation of each of the Company, ZONE Global and ZONE US in execution and performance of the Contribution Agreement, and ZONE US having not conducted any active business operations.

THE LLC AGREEMENT

Upon the Completion, the LLC Agreement will be executed by the parties thereto as the limited liability company agreement of ANZ in respect of, among other things, the establishment, ownership and management of ANZ.

Parties

- (a) ZONE US;
- (b) ANPI Holding;
- (c) Series 1 Class B Members; and

- (d) on specific covenants in respect of restriction on transfer of the Units and non-competition only, the Company and ZONE Global.

ANZ

ANZ, a limited liability company to be established pursuant to the terms of the LLC Agreement, which will be beneficially owned as to 50% by ZONE US and 50% by ANPI Holding upon establishment.

Scope of business

The businesses of ANZ are to provide telecommunications services to the retail business market and wholesale carrier market, including long distance telephone services, local exchange services, high-speed internet services, broadband distribution and content, wireless services, access and signalling services, private data networks and value added telecommunications and/or administration services, and such other business and commercial activities as the ANZ Board approves from time to time, initially serving as a holding company for such businesses.

Capitalisation and units of ANZ

The authorised Units of ANZ consist of 800 Class A Units and up to 200 Class B Units. The interest of each of the Members will be represented by Units. Each Class A Member will make an initial capital contribution to the capital of ANZ in which ANPI Holding will contribute 100% of the ANPI LLC Membership Interests in exchange for 400 Class A Units and ZONE US will contribute 100% of the ZONE LLC Membership Interests in exchange for 400 Class A Units.

Class A Members are entitled to receive information concerning the business and affairs of ANZ as provided in the LLC Agreement or non-waivable provisions of the Delaware Limited Liability Company Act. Class A Members shall also have the right to vote to the extent provided in the LLC Agreement, including in the events of proposed divestiture or sale of all or substantially all of the assets of ANZ, proposed acquisition by ANZ of a business or assets valued in excess of US\$10 million (equivalent to approximately HK\$77.9 million) and the dissolution of ANZ.

ANZ may, subject to the approval of the ANZ Board and the Class A Members, issue and grant Class B Units to individuals employed by, consultants to, or otherwise rendering services for the benefit of ANZ and/or its subsidiaries as determined by the ANZ Board. Class B Units shall not entitle the Class B Member to voting or information rights. The terms and conditions of the Class B Units are to be determined by the ANZ Board (and approved by the Class A Members). The aggregate percentage of Units of all Members holding Class B Units (but only with respect to such Class B Units) shall not exceed 20% of the outstanding Units. In the event a Class B Member's employment or other relationship with ANZ is terminated, such Class B Member shall forfeit his/her unvested Class B Units and ANZ shall purchase such Class B Member's

vested Class B Units pursuant to the terms of such grant agreement. 100 Series 1 Class B Units will be issued upon the Completion. The Series 1 Class B Members are certain current management executives and/or directors of ZONE US, ZONE Telecom and ANPI.

Profit distribution

The LLC Agreement expressly provides that ANZ will, in addition to Tax Distributions to be made to the Members, declare and pay and distribute to the Class A Members, pro rata in proportion to their Class A Units, such amount (together with that declared and paid as Tax Distributions) as will be not less than 50% of the annual net income of ANZ in each financial year, until such amount, net of any Tax Distribution, exceeds US\$63.0 million (equivalent to approximately HK\$490.8 million), whereupon Members holding Class A Units and Series 1 Class B Units will be entitled to share any subsequent distribution (other than Tax Distribution) pro rata in proportion to their Class A Units and Series 1 Class B Units. Similarly, if Series 2 Class B Units are issued in the future, those Class B Units will share in distribution only after a defined threshold on the aggregate amount of profit distributions (net of any Tax Distribution) having been made to Class A Members and Series 1 Class B Members, which amount will be determined by the ANZ Board at the time of issuance of Series 2 Class B Units, has been reached.

Board of managers

The ANZ Board will consist of six managers, among whom three will be nominated by ZONE US and three will be nominated by ANPI Holding. Decisions of the ANZ Board will be made by simple majority of the votes of managers attending a meeting, the quorum of which will be four managers.

Restriction on transfer of the Units

No Member may transfer its Units together with their rights and interests appertaining thereto without the consent of the ANZ Board in writing, save that any such transfer by a Member to its affiliate(s) will be permitted.

In addition, each of the Company, ZONE Global and ZONE US covenants that it will not permit the transfer of equity of ZONE Global or ZONE US or substantially all of the assets of ZONE US to third parties without the consent of ANPI Holding, and ANPI Holding covenants that it will not permit the transfer of substantially all the assets of ANPI Holding to third parties without the consent of ZONE US.

No Class B Units shall be transferable to any person, except by way of operation of law, without the prior written consent of all Class A Members.

Non-competition

- (a) Each Member will not, and will procure that its affiliates will not, whilst a Member, be directly or indirectly engaged or interested in any business which is in competition with the business of ANZ in the U.S.
- (b) Notwithstanding the sub-paragraph (a) above, if any Member becomes aware of a business opportunity within ANZ's line of business or business purpose, it shall refer such opportunity to ANZ for analysis by the ANZ Board as to whether ANZ wishes to pursue such opportunity, and make full disclosure of all information relating to such business opportunity in such Member's knowledge or possession. If the ANZ Board declines to pursue such opportunity then notwithstanding sub-paragraph (a) above, the Member originally referring the opportunity to ANZ will be free to pursue the same and thereby compete with ANZ, but not otherwise.

Dissolution

ANZ will be dissolved upon the first to occur of the following events:

- (a) the vote to dissolve ANZ by a Super-Majority of Class A Units; or
- (b) the sale or other disposition of substantially all of the assets of ANZ and the receipt and distribution of all the proceeds therefrom.

Upon the dissolution of ANZ, the liquidation proceeds shall be applied first, to the payment of debts and liabilities of ANZ in the order of priority as provided by law and the expenses of liquidation; then, to the establishment of any reserve which the ANZ Board may deem reasonably necessary for any contingent, conditional or unasserted claims or obligations of ANZ; and then according to the order of priority for profit distribution as discussed above.

INFORMATION ON THE GROUP AND ZONE TELECOM

The Group

The principal activity of the Company is investment holding. The Group is principally engaged in the business of providing telecommunications services. The Group's telecommunications business currently has operations in the U.S., China, Hong Kong and Singapore.

ZONE Telecom

ZONE Telecom is a Federal Communications Commission licensed telecommunication carrier which operates nationally throughout the U.S. ZONE Telecom provides consumer and business telecom solutions to the residential and enterprise markets respectively. In addition, ZONE Telecom is a wholesale provider of telecom services to rural ILECs covering rural and smaller metropolitan areas of the U.S., and to other resellers. ZONE Telecom's products include long distance – dedicated and switched voice services, local dedicated services, enhanced toll-free services, data services, teleconferencing, online customer support tools, Voice-over-Internet Protocol services, commercial Internet Protocol broadband, and mobile virtual network telephony services.

The above business of ZONE Telecom will be restructured and transferred under ZONE LLC and, after the ZONE Reorganisation, shall become the principal operating asset of ZONE LLC.

The following table sets out the unaudited financial information of ZONE Telecom according to Hong Kong GAAP for the two years ended 31 December 2008 and 2009:

| | For the year ended 31 December | |
|-----------------------------------|---------------------------------------|---------------------|
| | 2009 | 2008 |
| | <i>HK\$ million</i> | <i>HK\$ million</i> |
| Revenue | 717.7 | 692.2 |
| Gross profit | 137.2 | 127.0 |
| Net profit/(loss) before taxation | 18.8 | (29.4) |
| Net profit/(loss) after taxation | 29.0 | (39.8) |

As at 31 December 2009, the unaudited net asset value of ZONE Telecom (prior to the ZONE US Reorganisation) according to Hong Kong GAAP was approximately HK\$19.2 million. Pursuant to the ZONE US Reorganisation, deferred tax assets of ZONE Telecom in the amount of approximately US\$12.3 million (equivalent to approximately HK\$96.2 million) as at 30 June 2010 will be succeeded by ZONE US, the term loan advanced by the Company to ZONE Telecom in the amount of US\$5.5 million (equivalent to approximately HK\$42.8 million) as at 30 June 2010 will be assumed by ZONE US, and cash contribution of US\$4.6 million (equivalent to approximately HK\$35.8 million) will be made by ZONE US to ZONE LLC.

Following the Completion, the Group will continue to manage and expand its ZONE operations in China, Hong Kong and Singapore and hold the interests of ZONE LLC and ANPI LLC through ANZ. In Asia, the Group will continue to build a more diversified revenue base and further enhance its competitive position in the region for ZONE business. At the same time, the Group will advance its merger and acquisition activities to pursue opportunities that complement its current operations as well as other potential targets that provide geographical,

product and business diversity. Revenue from the Group's operations in Asia Pacific amounted to approximately HK\$80.1 million for the year ended 31 December 2009. 50% of ZONE Telecom's revenue for the year ended 31 December 2009 amounted to approximately HK\$358.9 million. 50% of ANPI's revenue for the year ended 31 December 2009 amounted to approximately US\$43.3 million (equivalent to approximately HK\$337.4 million). As at the date of this announcement, the Company has not entered into any agreement, arrangement or understanding about any acquisition and/or disposal of assets/companies (whether concluded or not).

INFORMATION ON ANPI

ANPI was organised in 1995 to provide voice and data telecommunications solutions to wholesale and retail providers nationwide in the U.S.

Prior to 2006, ANPI provided services on a virtual basis, by provisioning its services on various underlying interexchange carriers' networks, and administering service providers' services via its proprietary administrative software. In early 2006, ANPI began deploying its own telecommunications network facilities to obtain terminating cost advantages, increase control over quality of service, enable additional services to be provided, and to obtain other strategic benefits.

Since 2006, ANPI transformed itself from a virtual operator to a facilities-based interexchange carrier with the majority of its services being provided across its own network. ANPI now serves more than 400 rural ILEC-related entities throughout the U.S., and further diversified its toll service operations by providing services to a number of wireless service providers to the collective base of independent telephone companies, their wireless and Internet service provider affiliates, and consortia thereof.

Currently, ANPI is owned by 133 shareholders. Based on the information provided by ANPI, no ultimate beneficial shareholder holds more than 8% interest of ANPI.

The above business of ANPI will be restructured and transferred under ANPI LLC after the ANPI Reorganisation.

The following table sets out the unaudited financial information of ANPI prepared in accordance with U.S. GAAP for the two years ended 31 December 2008 and 2009:

| | For the year ended 31 December | |
|----------------------------|---------------------------------------|---------------------------------|
| | 2009 | 2008 |
| | <i>US\$ million</i> | <i>US\$ million</i> |
| | <i>(approximately</i> | <i>(approximately</i> |
| | <i>HK\$ million equivalent)</i> | <i>HK\$ million equivalent)</i> |
| Revenue | US\$86.6 (HK\$674.7) | US\$84.4 (HK\$657.6) |
| Gross profit | US\$14.3 (HK\$111.8) | US\$12.5 (HK\$97.4) |
| Net profit before taxation | US\$2.5 (HK\$19.2) | US\$2.5 (HK\$19.1) |
| Net profit after taxation | US\$1.6 (HK\$12.1) | US\$1.5 (HK\$11.5) |

As at 31 December 2009, the unaudited consolidated net asset value of ANPI (prior to the ANPI Reorganisation) was approximately US\$11.7 million (equivalent to approximately HK\$91.0 million). Pursuant to the ANPI Reorganisation, deferred tax assets of ANPI and Newstreets in the amount of approximately US\$1.7 million (equivalent to approximately HK\$13.4 million) as at 30 June 2010 will be succeeded by ANPI Holding, and cash distribution of US\$1,725,000 (equivalent to approximately HK\$13.4 million) will be made by ANPI to ANPI Holding.

The Directors consider that there is no material difference between U.S. GAAP and Hong Kong GAAP for the accounts of ANPI.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Upon the Completion, ANZ will:

- become a U.S. national telecommunication service provider with a leading position within the rural ILEC market in the U.S.;
- have a national presence in the U.S. enterprise and wholesale telecommunications markets; the enterprise and wholesale segments are expected to contribute significantly to the diversification of the future revenue and earnings growth;
- create a national telephone switching network in the U.S., capable of managing and optimising traffic to deliver an appreciable improvement in operating efficiency and margin;
- have a national reach and local presence to provide an array of bundled telecommunication services, including local voice, long distance, data, high speed internet, and managed services and cellular re-selling services; and

- benefit from significant operating cost synergies in network utilisation, IT, administration, marketing and distribution.

The Board considers that both the Contribution Agreement and the LLC Agreement, including the ZONE US Reorganisation, ANPI Reorganisation and the capital contribution by ZONE US and ANPI Holding respectively, are on normal commercial terms, both have been agreed upon following arm's length negotiations between the parties thereto and the terms of both are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ACCOUNTING TREATMENTS IN RESPECT OF THE TRANSACTION

Immediately upon the Completion, ZONE LLC will cease to be a subsidiary of the Group.

Hong Kong Accounting Standard 31 "Interests in Joint Ventures" ("HKAS 31") issued by the Hong Kong Institute of Certified Public Accountants permits jointly controlled entities to be recognised using the proportionate consolidation method or the equity method. It is currently intended that the Group's interest in ANZ will be accounted for by proportionate consolidation. Accordingly the Group will combine its share of ANZ's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

Exposure Draft 9 "Joint Arrangements" ("ED 9") issued by the International Accounting Standards Board proposes to abolish the proportionate consolidation and require application of the equity method. HKAS 31 is expected to be amended as a consequence of ED 9 to allow only the equity method for jointly controlled entities. For transition, it is expected that the Group will not be required to adjust the differences between the proportionate consolidation method and the equity method retrospectively. Instead, it is expected that the Group will be required to aggregate the previously proportionate consolidated balances into a single investment line as the opening balance of the earliest period presented for subsequent accounting under the equity method.

After application of the equity accounting method, the Group's interest in ANZ shall be carried at cost and adjusted for the post-acquisition changes in the Group's share of ANZ's net assets less any identified impairment loss. Profit or loss includes the Group's share of the post-acquisition, post-tax results of ANZ for the period, including any impairment loss on the investment recognised for the period.

For illustration purposes only, a gain of approximately US\$10.4 million (equivalent to approximately HK\$81.1 million) is expected to arise from the disposal of 50% interest in ZONE Telecom, being the difference between the 50% share of the fair value of ANPI's business (as adjusted by the adjustments relating to the ANPI Reorganisation) as at 31 December 2009 and the 50% share of the net asset value of ZONE Telecom (as adjusted by the adjustments relating to the ZONE US Reorganisation) as at 31 December 2009. The actual gain on the disposal will depend on the then net asset value of ZONE Telecom on the date of Completion.

IMPLICATIONS UNDER THE LISTING RULES

The formation of ANZ constitutes a very substantial acquisition of the Company, while the capital contribution by ZONE US to ANZ in return for a 50% interest in ANZ constitute a very substantial disposal and a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the approval of the Shareholders.

A circular containing, among other things, further details of the Transaction and the notice to convene the EGM will be despatched to the Shareholders. Since additional time will be required for preparation of the accountants' report of ANPI, certain information of the Group and the pro forma financial information of the Group following the Completion, the Company expects that the circular will be despatched on or before 17 November 2010.

As the completion of the Contribution Agreement and the execution of the LLC Agreement are conditional on the fulfilment of certain conditions precedent, there is no assurance that the Transaction will proceed. Investors should exercise caution when dealing in the Shares.

EGM

The EGM will be convened as soon as practicable at which all necessary resolutions will be proposed to approve the Contribution Agreement, the LLC Agreement and the transactions contemplated thereunder.

The Series 1 Class B Members are considered to have material interests in the Transaction and are required to abstain from voting at the EGM. As at the date of this announcement, certain Series 1 Class B Members in aggregate held 1,285,007 Shares, representing approximately 0.25% of the issued share capital of the Company. Save as disclosed above, to the best knowledge, information and belief of the Directors, no other Shareholder is required to abstain from voting at the EGM.

APPROVAL FROM THE CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders, who as at the date of this announcement together control 266,110,203 Shares representing approximately 50.9% of the issued share capital of the Company, has indicated in writing to the Company that he or she will vote and will procure companies controlled by them holding the Shares to vote in favour of each of the resolutions to be proposed at the EGM.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 30 September 2010 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 14 October 2010.

DEFINITIONS

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

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| “ANPI” | Associated Network Partners, Inc., an Illinois corporation |
| “ANPI Capital Contribution” | the contribution to be made by ANPI Holding to ANZ, as a capital contribution, the ANPI LLC Membership Interests, free and clear of any liens at the Completion |
| “ANPI Holding” | ANPI Holding, Inc., an Illinois corporation |
| “ANPI LLC” | ANPI, LLC, a limited liability company to be organised as part of the ANPI Reorganisation under the laws of the State of Delaware, U.S. and is a wholly-owned subsidiary of ANPI Holding |
| “ANPI LLC Membership Interests” | the entire equity interests of ANPI LLC |
| “ANPI Merger” | as defined in the term “ANPI Reorganisation” |
| “ANPI Reorganisation” | ANPI will have (i) caused NewStreets to have been merged into ANPI, with ANPI being the surviving entity; (ii) caused ANPI Holding to have formed ANPI LLC; (iii) merged into ANPI LLC, with ANPI LLC being the surviving entity (the “ANPI Merger”) with the result that following the ANPI Merger, ANPI Holding will own all of the ANPI LLC Membership Interests, and as part of the ANPI Reorganisation, and immediately after the ANPI Merger, and without any action on the part of ANPI Holding, ANPI will pay ANPI Holding the sum of US\$1,725,000 (equivalent to approximately HK\$13.4 million) in cash and transfer to ANPI Holding the Qualified Patronage Capital Certificates issued by NRTC to NewStreets and ANPI |
| “ANZ” | ANZ Communications LLC, a limited liability company to be organised in the State of Delaware, United States in accordance with the provisions of the Contribution Agreement and the LLC Agreement, which will be beneficially owned as to 50% by ZONE US and 50% by ANPI Holding upon establishment |

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| “ANZ Board” | the board of managers of ANZ |
| “Board” | the board of Directors |
| “Business” | the business of ANZ which is provided in the LLC Agreement to be, primarily, provision of telecommunications services to the retail business market and wholesale carrier market, including long distance telephone services, local exchange services, high-speed internet services, broadband distribution and content, wireless services, access and signalling services, private data networks and value added telecommunications and/or administration services |
| “Class A Members” | those persons holding Class A Units and executing the LLC Agreement as members of ANZ, including any substitute Class A Members or additional Class A Members, in each such person’s capacity as a Class A Member of ANZ |
| “Class A Unit” | an interest having the rights and obligations specified with respect to a Class A Unit in the LLC Agreement, major terms of which are set out under sections headed “Capitalisation and units of ANZ”, “Profit distribution”, “Board of managers”, “Restriction on transfer of the Units”, “Non-competition” and “Dissolution” in this announcement |
| “Class B Members” | those persons holding Class B Units and executing the LLC Agreement as members of ANZ, including any substitute Class B Members or additional Class B Members, in each such person’s capacity as a Class B Member of ANZ |
| “Class B Units” | an interest having the rights and obligations specified with respect to a Class B Unit in the LLC Agreement and in the grant agreement applicable thereto, major terms of which are set out under sections headed “Capitalisation and units of ANZ”, “Profit distribution”, “Board of managers”, “Restriction on transfer of the Units”, “Non-competition” and “Dissolution” in this announcement |

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| “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 ANPI Capital Contribution and the ZONE Capital Contribution in accordance with the Contribution Agreement |
| “Contribution Agreement” | the conditional contribution agreement dated 29 September 2010 executed by ZONE US, ANPI, ANPI Holding and ANZ (by way of joinder) as further described in this announcement |
| “Controlling Shareholders” | (i) Mr. Richard John Siemens, the Chairman of the Company, who, through companies controlled by him, owns 119,180,200 Shares representing 22.8% of the issued share capital of the Company, (ii) Mrs. Jennifer Wes Saran through a company controlled by her together with her personal interests, beneficially holds 75,017,661 Shares representing 14.3% of the issued share capital of the Company and (iii) Mr. William Bruce Hicks, a non-executive Director, who, through a company controlled by him together with his personal interest, owns 71,912,342 Shares representing 13.8% of the issued share capital of the Company as at the date of this announcement |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company and any adjournment thereof, to consider the ordinary resolutions to be proposed to approve the Contribution Agreement, the LLC Agreement and transactions contemplated thereunder |
| “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 |
| “Hong Kong GAAP” | Generally Accepted Accounting Principles in Hong Kong |

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| “ILEC” | incumbent local exchange carrier |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “LLC Agreement” | a limited liability company agreement to be executed by, among others, ZONE US and ANPI Holding in respect of, among other things, the establishment, ownership and management of ANZ |
| “Long Stop Date” | 1 January 2011 or such later date as the Parties may agree in writing prior to such date |
| “Member” | either a Class A Member or a Class B Member |
| “NewStreets” | NewStreets, Inc., a Delaware corporation |
| “NRTC” | the National Rural Telecommunications Cooperative, a member-owned, not-for-profit, tax-exempt cooperative servicing telecommunications and information technology needs in rural communities in the U.S. |
| “Parties” | ANPI, ANPI Holding, ZONE US and ANZ; and “Party” shall mean any one of them |
| “Series 1 Class B Members” | holders of Series 1 Class B Units who are certain management executives of ANZ |
| “Series 1 Class B Units” | those 100 Class B Units to be issued and granted to Series 1 Class B Members tentatively on or about the Completion |
| “Series 2 Class B Units” | Class B Units designated as “Series 2” upon issuance thereof |
| “Share(s)” | share(s) of HK\$0.01 each in the issued and fully paid up share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “Super-Majority of Class A Units” | an individual member or group of members holding an aggregate of more than 80% of the outstanding Class A Units |
| “Tax Distribution” | a distribution by ANZ of its income to the Members earmarked for offsetting any tax liabilities arising from business operations and activities of ANZ and assumed by such Members in accordance with the relevant tax legislation in the U.S. |
| “Transaction” | the transactions contemplated under the Contribution Agreement and the LLC Agreement, including (but not limited to) the formation of ANZ, the ZONE Reorganisation, and the ZONE Capital Contribution |
| “Units” | the Class A Units and the Class B Units, together with any other Units authorised by the ANZ Board at any time and from time to time pursuant to the LLC Agreement |
| “U.S.” | United States of America |
| “US\$” | United States dollar(s), the lawful currency of the U.S., and the exchange rate for the purpose of this announcement is US\$1 = HK\$7.79 |
| “U.S. GAAP” | Generally Accepted Accounting Principles in the U.S. |
| “ZONE Capital Contribution” | the contribution to be made by ZONE US, as a capital contribution, to ANZ the ZONE LLC Membership Interests, free and clear of any liens at the Completion |
| “ZONE Conversion” | as defined in the term “ZONE US Reorganisation” |
| “ZONE Global” | ZONE Global Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company and the immediate holding company of ZONE US |
| “ZONE LLC” | Zone Telecom, LLC, a wholly-owned subsidiary of ZONE US and a limited liability company under the laws of the State of Delaware to be formed |

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| “ZONE LLC Membership Interests” | the entire equity interests of ZONE LLC |
| “ZONE Telecom” | Zone Telecom, Inc., a Delaware corporation, being a wholly-owned subsidiary of ZONE US, whose business is provision of telecommunications and related services in the U.S. under the tradename “ZONE” |
| “ZONE US” | Zone USA, Inc., a Delaware corporation |
| “ZONE US Reorganisation” | ZONE US will have (i) caused ZONE Telecom to have been converted into ZONE LLC as a wholly-owned subsidiary of ZONE US (“ZONE Conversion”); (ii) immediately prior to the completion of the ZONE Conversion, assumed all ZONE Telecom’s obligations of and in the term loan advanced by the Company to ZONE Telecom; and (iii) immediately following the ZONE Conversion, and prior to the ZONE Capital Contribution, contributed US\$4.6 million (equivalent to approximately HK\$35.8 million) to ZONE LLC as capital contribution |
| “%” | per cent |

By Order of the Board
Lau Wai Ming Raymond
Company Secretary

Hong Kong, 13 October 2010

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 Ye Fengping; and Independent Non-executive Directors, Shane Frederick Weir, John William Crawford J.P. and Gerald Clive Dobby.