
IMPORTANT

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Directors:

Mr. Richard John Siemens (*Chairman*)
Mr. Kuldeep Saran
Mr. Derrick Francis Bulawa
Mr. Lim Shyang Guey
Mr. William Bruce Hicks*
Mr. Shane Frederick Weir**
Mr. Matthew Brian Rosenberg**

* *Non-executive Director*

** *Independent Non-executive Directors*

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23 April 2003

*To the shareholders (the "Shareholders") and,
for information purposes only, option holders*

Dear Sir/Madam,

GENERAL MANDATE TO REPURCHASE SHARES AND TO ISSUE SHARES

INTRODUCTION

The purpose of this document is to provide you with further information with regard to the resolutions to be proposed at the forthcoming annual general meeting of e-Kong Group Limited (the "Company") to be held on 23 May 2003 (the "Annual General Meeting") for the granting of general mandate to the directors of the Company (the "Directors") to repurchase and to issue ordinary shares of HK\$0.01 each ("Shares") in the share capital of the Company.

GENERAL MANDATE TO REPURCHASE SHARES AND TO ISSUE SHARES

On 21 November 2002, general mandates were given to the Directors to exercise all the powers of the Company to repurchase its Shares and to issue Shares. These general mandates will lapse at the conclusion of the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of a general mandate to the Directors to exercise all the powers of the Company to repurchase its Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) of not exceeding 10% of the aggregate nominal amount of share capital of the Company in issue as at the date of the passing of the resolution (the “Repurchase Mandate”).

If the resolution for the Repurchase Mandate is passed at the Annual General Meeting, the Repurchase Mandate will be in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or (iii) the date on which of the authority given under the resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

A separate ordinary resolution will also be proposed at the Annual General Meeting (i) to grant a general mandate to the Directors to allot, issue and deal with additional Shares in the share capital of the Company not exceeding 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of passing of the resolution (the “Issue Mandate”) and (ii) to approve the addition to the Issue Mandate of any Shares repurchased by the Company under the authority of the Repurchase Mandate in order to provide flexibility for issuing new Shares when it is in the interests of the Company to do so. The Directors have no present intention to issue new Shares pursuant to the Issue Mandate.

An explanatory statement, as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in relation to the proposed resolution with regard to the Repurchase Mandate is set out in the Appendix to the document to provide the Shareholders with all information reasonably necessary for them to make an informed decision.

ACTION TO BE TAKEN

A form for proxy for use at the Annual General Meeting is enclosed with the Annual Report for the year ended 31 December 2002. To be valid, the form of proxy must be completed in accordance with the instructions set out therein and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority, at the Company’s branch share registrars in Hong Kong, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof (as the case may be). The completion and delivery of the form of proxy shall not preclude the Shareholders from attending and voting in person at the Annual General Meeting.

RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate and the Issue Mandate are in the best interests of the Company and its Shareholders as a whole and accordingly recommend that all Shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By order of the Board
Richard John Siemens
Chairman

This Appendix serves as an explanatory statement, as required by the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange and to provide the requisite information to the Shareholders for their consideration of the Repurchase Mandate.

1. LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' Approval

All repurchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate to the directors of the company to undertake such repurchases or by a specific approval in relation to specific transactions.

(b) Source of Funds

Repurchase must be funded out of funds which are legally available for such purpose in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

(c) Maximum number of shares to be repurchased and subsequent issue

A maximum of 10% of the issued share capital of the company as at the date of the passing of the relevant resolution for granting the general mandate of share repurchase may be repurchased on the Stock Exchange. A company may not, without the approval of the Stock Exchange, issue new shares or announce a proposed issue of new shares for a period of 30 days immediately following a share repurchase, whether on the Stock Exchange or otherwise, other than an issue of shares pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities, which are outstanding prior to the date of the repurchase.

2. SHARE CAPITAL

It is proposed that up to 10% of the Shares in issue as at the date of passing the resolution to approve the Repurchase Mandate may be repurchased. As at 23 April 2003 (being the latest practicable date prior to the printing of this document (the "Latest Practicable Date")), the number of Shares in issue was 470,894,200. On the basis of such figure (assuming no further Shares are issued or repurchased following the Latest Practicable Date and prior to the date of Annual General Meeting), the Company would be allowed under the Repurchase Mandate to repurchase Shares up to a limit of 47,089,420 Shares.

3. REASONS FOR REPURCHASES

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its Shareholders. At any time in the future when Shares are trading at a discount to their underlying value, the ability of the Company to repurchase Shares may be beneficial to those Shareholders who retain their investment in the Company if a repurchase is undertaken since their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company.

4. FUNDING OF REPURCHASES

Funds required for any share repurchase would be derived from those funds legally permitted to be utilised in this connection in accordance with the Memorandum of Association and the Bye-laws of the Company and applicable laws of Bermuda.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31 December 2002) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Share Price (Per Share)	
	Highest HK\$	Lowest HK\$
2002:		
April	0.500*	0.370*
May	0.510*	0.430*
June	0.450*	0.340*
July	0.380*	0.160*
August	0.220*	0.160*
September	0.190*	0.160*
October	0.160*	0.160*
November	0.160*	0.105
December	0.130	0.090
2003:		
January	0.158	0.107
February	0.152	0.116
March	0.130	0.109

* The share price has been adjusted to reflect the results of capital reorganisation and the rights issue implemented by the Company during the year 2002.

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and the Memorandum of Association and Bye-laws of the Company.

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders and exercised.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders and exercised.

7. HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a repurchase of shares by the Company pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of The Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder, or group of shareholders acting in concert, depending on the level of increase in the shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Messrs. Richard John Siemens, Kuldeep Saran and William Bruce Hicks, directors of the Company, together with companies controlled by them beneficially held totalling 238,887,597 Shares in the Company (representing approximately 50.73% of the issued share capital of the Company). Assuming the Repurchase Mandate is exercised in full and the number of Shares held by them remains unchanged, their shareholdings will be increased to approximately 56.37% of the issued share capital of the Company. On the basis of the existing shareholdings, the Directors are not aware that in the event that the Repurchase Mandate is exercised in full, there will be any implication under the Takeover Code.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances which they deem appropriate for the benefits of the Shareholders. In addition, the Directors have no present intention to exercise the Repurchase Mandate to the extent that the number of Shares in the hands of the public would fall below the prescribed minimum aggregate percentage (under the Listing Rules) of 25%.

8. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).