

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Softbank Investment International (Strategic) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**SOFTBANK**  
**INVESTMENT**  
International (Strategic) Limited

**Softbank Investment International (Strategic) Limited**  
*(incorporated in Hong Kong with limited liability)*

**CONNECTED TRANSACTION**  
**SHARE SUBSCRIPTION AGREEMENT**

**Financial Adviser**



**SBI E2-Capital (HK) Limited**

**Independent Financial Adviser to the Independent Board Committee**



**Yu Ming Investment Management Limited**

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A letter from the Independent Board Committee of Softbank Investment International (Strategic) Limited is set out on page 11 of this circular. A letter from Yu Ming Investment Management Limited dated 3 October, 2002 containing its advice to the Independent Board Committee is set out on pages 12 to 15 of this circular.

3 October, 2002

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless otherwise defined or the context otherwise requires:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Softbank Investment International (Strategic) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 648)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors comprising Dr. Lo Wing Yan, William J.P. and Mr. Kang Dian
“Latest Practicable Date”	30 September, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SBI E2-Capital Asia”	SBI E2-Capital Asia Limited, an indirectly 51% non-wholly-owned subsidiary of the Company
“SBI E2-Capital Brokerage”	SBI E2-Capital Brokerage Limited, an indirect wholly-owned subsidiary of SBI E2-Capital Asia
“SBI E2-Capital China”	SBI E2-Capital China Holdings Limited, a wholly-owned subsidiary of SBI E2-Capital Asia
“SBI E2-Capital Holdings Pte”	SBI E2-Capital Holdings Pte Ltd, a 56% owned subsidiary of SBI E2-Capital Asia with the remaining 44% owned by the management (including Mr. Choo Chee Kong) of such company

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## DEFINITIONS

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“SBI E2-Capital Securities”	SBI E2-Capital Securities Limited, an indirect wholly-owned subsidiary of SBI E2-Capital Asia and a wholly-owned subsidiary of SBI E2-Capital China
“SBI E2-Capital Securities Pte”	SBI E2-Capital Securities Pte Ltd, a wholly-owned subsidiary of SBI E2-Capital Holdings Pte
“Shareholders”	the shareholders of the Company
“Share Subscription Agreement”	the share subscription agreement dated 11 September 2002 and entered into between (1) SBI E2-Capital Holdings Pte; (2) SBI E2-Capital Asia; (3) SBI E2-Capital China; and (4) SBI E2-Capital Securities Pte in relation to the subscription of shares of SBI E2-Capital Securities Pte
“Share Subscription”	subscription of the new shares of SBI E2-Capital Securities Pte pursuant to the Share Subscription Agreement by the following parties: <ol style="list-style-type: none"><li>1. SBI E2-Capital Holdings Pte for 2,549,998 Subscription Shares, representing approximately 51% of the number of shares in issue of SBI E2-Capital Securities Pte upon completion;</li><li>2. SBI E2-Capital Asia for 1,950,000 Subscription Shares, representing approximately 39% of the number of shares in issue of SBI E2-Capital Securities Pte upon completion; and</li><li>3. SBI E2-Capital China for 500,000 Subscription Shares, representing approximately 10% of the number of shares in issue of SBI E2-Capital Securities Pte upon completion</li></ol>
“SIIH”	Softbank Investment (International) Holdings Limited, a substantial shareholder of the Company beneficially owns approximately 37.29% of the issued share capital of the Company as at the Latest Practicable Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	4,999,998 new shares of SBI E2-Capital Securities Pte to be issued and allotted under the Share Subscription Agreement

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## DEFINITIONS

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“Yu Ming”	Yu Ming Investment Management Limited, the independent financial adviser to the Independent Board Committee and a dealer and an investment adviser registered under Securities Ordinance
“HK\$” or “HK dollars”	Hong Kong dollars
“JPY”	Japanese Yen, the lawful currency of Japan
“S\$”	Singapore dollars, the legal currency of Singapore

*For illustration purposes, translations from S\$ to HK\$ and JPY to HK\$ are made at the rate of S\$1.00=HK\$4.44 and HK\$1.00=JPY17.05, respectively.*

**SOFTBANK**

**INVESTMENT**

International (Strategic) Limited

**Softbank Investment International (Strategic) Limited**

*(incorporated in Hong Kong with limited liability)*

*Executive Directors:*

Yoshitaka KITAO (*Chairman*)  
Hiroyuki NAKANISHI (*Vice Chairman*)  
YU Kam Kee, Lawrence M.B.E., J.P. (*Vice Chairman*)  
WONG Sin Just (*Chief Executive Officer*)  
Katsuya KAWASHIMA  
WONG Kean Li  
YU Kam Yuen, Lincoln (*Alternate Director to*  
*YU Kam Kee, Lawrence*)

*Registered office:*

11th Floor, Man Yee Building  
60-68 Des Voeux Road Central  
Hong Kong

*Non-executive Directors:*

Akira KAJIKAWA  
LI Shui

*Independent non-executive Directors:*

LO Wing Yan, William J.P.  
KANG Dian

3 October, 2002

*To the Shareholders and for information only,  
the option holders and note holders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
SHARE SUBSCRIPTION AGREEMENT**

**INTRODUCTION**

The Directors announced that, on 11 September, 2002, the Share Subscription Agreement was entered into between (i) SBI E2-Capital Holdings Pte; (ii) SBI E2-Capital Asia; (iii) SBI E2-Capital China; and (iv) SBI E2-Capital Securities Pte whereby SBI E2-Capital Securities Pte will allot and issue an aggregate of 4,999,998 new shares of S\$1.00 each to SBI E2-Capital Holdings Pte, SBI E2-Capital Asia and SBI E2-Capital China for a total consideration of approximately S\$5 million (approximately HK\$22 million). Upon completion of the Share Subscription Agreement, SBI E2-Capital Holdings Pte, SBI E2-Capital Asia and SBI E2-Capital China will own approximately 51%, 39% and 10% of the issued share capital of SBI E2-Capital Securities Pte, respectively. The total purchase consideration of approximately S\$5 million (approximately HK\$22 million) under the Share Subscription Agreement will be satisfied in cash.

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## LETTER FROM THE BOARD

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As Mr. Choo Chee Kong, a former executive Director (who resigned on 19 September, 2002) is a substantial shareholder of SBI E2-Capital Securities Pte holding an indirect interest of approximately 21.2% of SBI E2-Capital Securities Pte, the Share Subscription Agreement constitutes a connected transaction for the Company under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising all of the independent non-executive Directors, being Dr. Lo Wing Yan, William and Mr. Kang Dian, has been formed to consider the terms of the Share Subscription Agreement. Yu Ming has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Share Subscription Agreement.

The purpose of this circular is to provide the Shareholders with further information relating to the Share Subscription, to set out the letter of advice of Yu Ming to the Independent Board Committee and the recommendation and opinion of the Independent Board Committee in respect of the same.

### THE SHARE SUBSCRIPTION AGREEMENT

#### Purpose

Contribution of paid-up capital to SBI E2-Capital Securities Pte to commence securities brokerage and trading business of the Group in Singapore

#### Date

11 September, 2002

#### Parties

1. SBI E2-Capital Holdings Pte
2. SBI E2-Capital Asia
3. SBI E2-Capital China
4. SBI E2-Capital Securities Pte

#### Consideration

1. SBI E2-Capital Holdings Pte to contribute in cash approximately S\$2.55 million (approximately HK\$11.32 million) in proportion to its equity interest in SBI E2-Capital Securities Pte upon completion

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## LETTER FROM THE BOARD

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2. SBI E2-Capital Asia to contribute in cash S\$1.95 million (approximately HK\$8.65 million) in proportion to its equity interest in SBI E2-Capital Securities Pte upon completion
3. SBI E2-Capital China to contribute in cash S\$0.50 million (approximately HK\$2.22 million) in proportion to its equity interest in SBI E2-Capital Securities Pte upon completion

### **Basis of consideration**

The total consideration of approximately S\$5 million (approximately HK\$22 million) is based on the paid-up capital of SBI E2-Capital Securities Pte, which includes the minimum paid-up capital amount required by the Singapore Exchange Securities Trading Limited and the amount in relation to future operation requirements of SBI E2-Capital Securities Pte.

### **Conditions of the Share Subscription Agreement**

Completion of the Share Subscription Agreement is conditional upon, inter alia:

1. SBI E2-Capital Securities Pte having obtained the relevant consents and approvals from relevant authorities in Singapore in respect of the allotment and issue of the Subscription Shares to SBI E2-Capital Holdings Pte, SBI E2-Capital Asia and SBI E2-Capital China;
2. SBI E2-Capital Securities Pte having successfully obtained a dealer's licence under Singapore Securities Industry Act (Chapter 289) from the Monetary Authority of Singapore; and
3. The passing at an extraordinary general meeting of a resolution by the independent Shareholders approving the Share Subscription Agreement and the matters contemplated hereunder. As at the Latest Practicable Date, written confirmation approving the Share Subscription Agreement have been received from SIHH and Softbank Finance Corporation, both being substantial shareholders of the Company and Mr. Yu Kam Kee, Lawrence, a vice-chairman and an executive Director of the Company, which collectively hold 54.82% of the total issued share capital of the Company. A waiver from convening an extraordinary general meeting to approve the Share Subscription Agreement pursuant to the Listing Rules has been granted by the Stock Exchange on 2 October, 2002.

### **Completion**

Completion will take place on or before 31 October, 2002 or any other date as the parties may agree mutually in writing.



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## LETTER FROM THE BOARD

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### General

The proposed transaction will diversify the corporate finance advisory business of the Group in Singapore into securities brokerage and trading business and enhance the cooperation between the Singapore operation and the Hong Kong operation. The total consideration of approximately S\$5 million (approximately HK\$22 million) is based on the minimum paid-up capital amount required by the Singapore Exchange Securities Trading Limited and the amount in relation to future operation requirements of SBI E2-Capital Securities Pte. Accordingly, the Directors are of the view that the terms and conditions of the Share Subscription Agreement were entered into in the ordinary and usual course of business of the Group on normal commercial terms and are in the interests of the Group so far as the Shareholders are concerned.

### INFORMATION ON SBI E2-CAPITAL SECURITIES PTE

SBI E2-Capital Securities Pte, a wholly owned subsidiary of SBI E2-Capital Holdings Pte, is a company incorporated in Singapore with limited liability. The existing issued share capital of SBI E2-Capital Securities Pte is S\$2 (approximately HK\$9) and the paid-up capital will be increased to S\$5 million (approximately HK\$22 million) upon completion of the Share Subscription Agreement. SBI E2-Capital Securities Pte is currently dormant and will be engaged in securities brokerage and trading in Singapore upon completion of the Share Subscription Agreement.

### CONNECTION AMONG THE PARTIES

SBI E2-Capital Holdings Pte, which owns 100% of the issued share capital of SBI E2-Capital Securities Pte and a non-wholly-owned subsidiary of SBI E2-Capital Asia, is an indirect non-wholly-owned subsidiary of the Company. SBI E2-Capital Holdings Pte is an investment holding company of the Group's investment banking operation in Singapore. The principal activity of SBI E2-Capital Holdings Pte is corporate finance advisory in Singapore.

SBI E2-Capital Asia, a 56% shareholder of SBI E2-Capital Holdings Pte and the sole shareholder of SBI E2-Capital China, is an indirect non-wholly-owned subsidiary of the Company. SBI E2-Capital Asia is an investment holding company of the Group's overall investment banking business for all regions.

SBI E2-Capital China, a wholly-owned subsidiary of SBI E2-Capital Asia, is an indirect non-wholly-owned subsidiary of the Company. It is the investment holding company of the Group's investment banking business in the Greater China region.

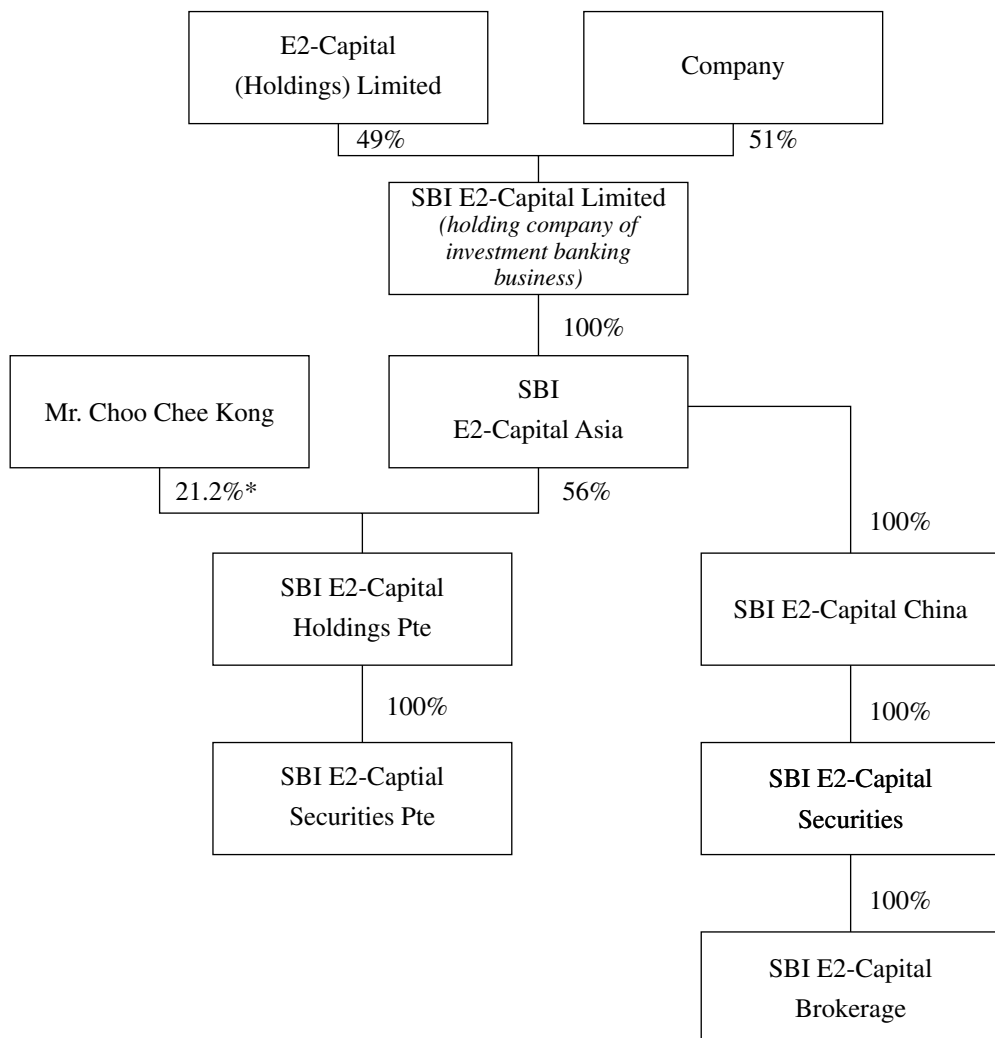
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## LETTER FROM THE BOARD

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The charts below set out the simplified shareholding structure of the investment banking business of the Group before and after the completion of the Share Subscription Agreement:

### Before the completion of the Share Subscription Agreement

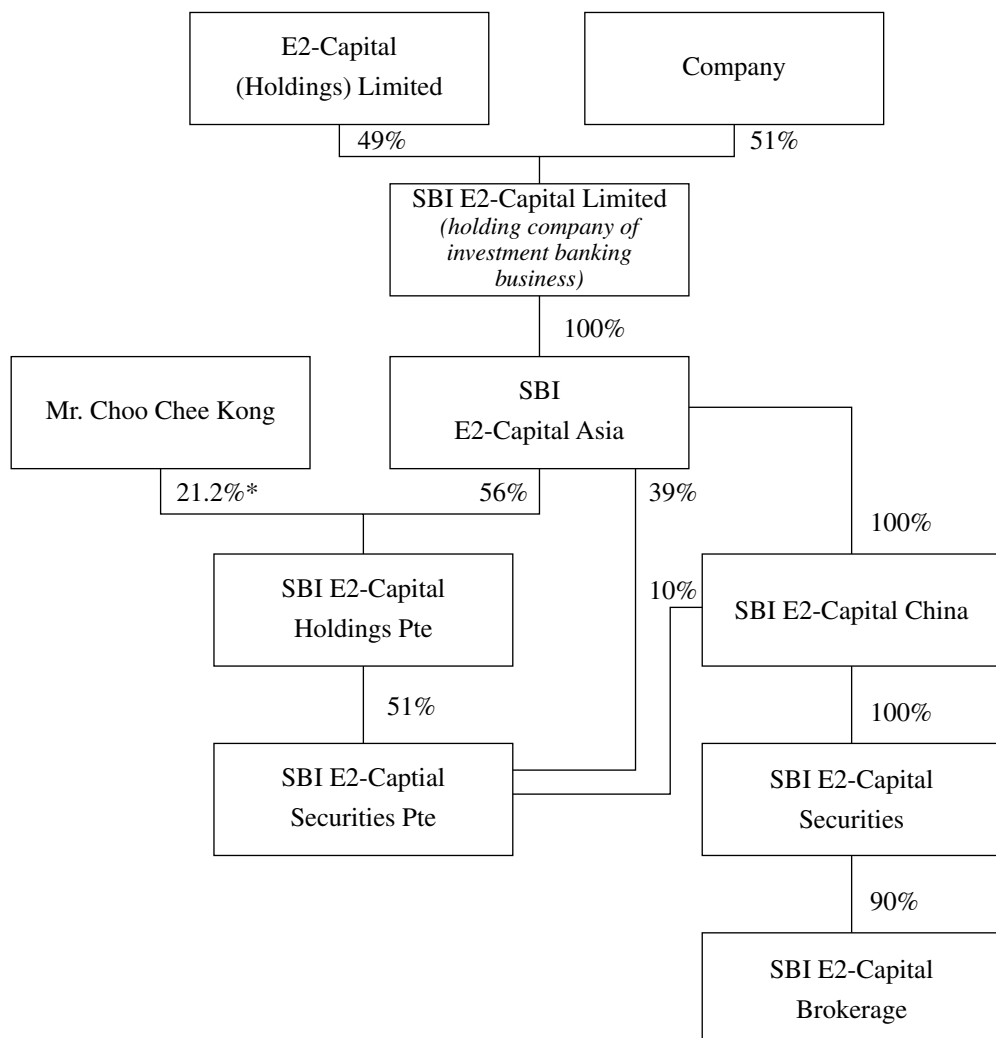


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## LETTER FROM THE BOARD

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### After the completion of the Share Subscription Agreement



\* indirect shareholding

### REASONS FOR ENTERING INTO THE SHARE SUBSCRIPTION

The Group operates its corporate finance advisory business in Singapore through SBI E2-Capital Holdings Pte. As the Singapore operation is planning to diversify its business into securities brokerage and trading in order to provide a comprehensive investment banking services in Singapore, it requires paid-up capital of approximately S\$5 million (approximately HK\$22 million). As a result of the completion of the Share Subscription Agreement, SBI E2-Capital Securities Pte will be held as to 51% by SBI E2-Capital Holdings Pte, 39% by SBI E2-Capital Asia and 10% by SBI E2-Capital China. The Directors consider that the terms of the Share Subscription Agreement are fair and reasonable and that the Share Subscription is in the interest of the Company and the Shareholders as a whole. The funding of the transaction under the Share Subscription Agreement would come from internal resources of each party contemplated therein.

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## LETTER FROM THE BOARD

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### WAIVER FROM SHAREHOLDERS' APPROVAL REQUIREMENT

As at the Latest Practicable Date, no Shareholders are required to abstain from voting should an extraordinary general meeting be convened to consider a resolution to approve the completion of the Share Subscription Agreement. On 30 September, 2002, the Company obtained a written confirmation for approving the Share Subscription Agreement from (i) SIIH (a substantial Shareholder of the Company); (ii) Softbank Finance Corporation (a substantial Shareholder of the Company); and (iii) Mr. Yu Kam Kee, Lawrence (a vice-chairman and an executive Director), each of them, as at the date of such written confirmation, owns approximately 37.29%, 10.65% and 6.88%, respectively, of the total issued share capital of the Company. In this connection, the Company has applied to the Stock Exchange for a waiver from complying with the requirements under the Listing Rules for the Company to hold a general meeting to seek Shareholders' approval in respect of the Share Subscription Agreement.

Such waiver was granted by the Stock Exchange on 2 October, 2002 on the grounds that (i) SIIH, Softbank Finance Corporation and Mr. Yu Kam Kee, Lawrence, being collectively the owners of approximately 54.82% of the total issued share capital of the Company having the right to vote at any general meeting of the Company and a group of closely-allied Shareholders of the Company, have given their written confirmations for approving the completion of the Share Subscription Agreement; (ii) as at the Latest Practicable Date, no Shareholders would need to abstain from voting should a Shareholders' meeting be convened to consider a resolution to approve the Share Subscription Agreement; and (iii) Yu Ming considers that the terms of the Share Subscription Agreement are fair and reasonable as far as the Shareholders are concerned.

### RECOMMENDATION

Based on the advice of Yu Ming, the terms of the Share Subscription Agreement are fair and reasonable insofar as the Shareholders are concerned and are in the interest of Company. Accordingly, Yu Ming advises the Independent Board Committee to recommend the Shareholders to vote in favour of the Share Subscription Agreement if a Shareholders' general meeting were required to be held to approve the Share Subscription Agreement.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular and the letter from Yu Ming set out on pages 12 to 15 of this circular. Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Wong Sin Just**  
*Chief Executive Officer*

**SOFTBANK**

**INVESTMENT**

International (Strategic) Limited

**Softbank Investment International (Strategic) Limited**

*(incorporated in Hong Kong with limited liability)*

3 October, 2002

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
SHARE SUBSCRIPTION AGREEMENT**

We have been appointed to advise the Shareholders in respect of the Share Subscription Agreement, details of which are set out in the “Letter from the Board” section on pages 4 to 10 of the circular dated 3 October, 2002 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the letter of advice and recommendation from Yu Ming in respect of the Share Subscription set out on pages 12 to 15 of the Circular. Having taken into account the advice of Yu Ming, we consider that the Share Subscription is in the interest of the Company and the Shareholders as a whole and that the terms and conditions of the Share Subscription Agreement are fair and reasonable so far as the interests of the Shareholders are concerned.

Yours faithfully,

**Independent Board Committee**

**Kang Dian                      Lo Wing Yan, William J.P.**

*Independent non-executive Directors*

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## LETTER FROM YU MING

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*The following is the text of the letter from Yu Ming giving its advice to the Independent Board Committee, in relation to the terms and conditions of the Share Subscription Agreement prepared for the purpose of inclusion in this circular.*



### **YU MING INVESTMENT MANAGEMENT LIMITED**

SUITE 51, 5TH FLOOR, NEW HENRY HOUSE, 10 ICE HOUSE STREET, CENTRAL, HONG KONG

3 October, 2002

Softbank Investment International (Strategic) Limited  
11th Floor  
Man Yee Building  
60 - 68 Des Voeux Road Central  
Hong Kong

Attention: The Independent Board Committee

Dear Sirs

### **CONNECTED TRANSACTION INVOLVING THE SHARE SUBSCRIPTION AGREEMENT**

#### **INTRODUCTION**

We have been appointed to advise the Independent Board Committee on the Share Subscription Agreement, the details of which are contained in the section headed “Letter from the Board” in the circular to be dispatched to the Shareholders on 3 October, 2002 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors, for which they are solely responsible, are true and accurate at the time they were made and continued to be so at the date hereof.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and the representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement

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## LETTER FROM YU MING

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in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors, nor have we conducted an independent investigation into the business and affairs of any of the Company, SBI E2-Capital Limited or any of their respective associates.

### **The Share Subscription Agreement**

On 11 September, 2002, SBI E2-Capital Holdings Pte, SBI E2-Capital Asia, SBI E2-Capital China and SBI E2-Capital Securities Pte entered into the Share Subscription Agreement, pursuant to which SBI E2-Capital Securities Pte conditionally agreed to issue and allot an aggregate of 4,999,998 new shares of S\$1.00 each to SBI E2-Capital Holdings Pte, SBI E2-Capital Asia, SBI E2-Capital China for a total consideration of approximately S\$5 million (approximately HK\$22 million). Subsequent to the completion of the Share Subscription Agreement, SBI E2-Capital Holdings Pte, SBI E2-Capital Asia, SBI E2-Capital China will own approximately 51%, 39% and 10% of the issued capital of SBI E2-Capital Securities Pte respectively.

The total purchase consideration is to be satisfied in full by cash through the internal resources of SBI E2-Capital Holdings Pte, SBI E2-Capital Asia and SBI E2-Capital China in proportion to their respective shareholdings in SBI E2-Capital Securities Pte.

SBI E2-Capital Holdings Pte, SBI E2-Capital Asia, SBI E2-Capital China are all connected persons of the Company. Furthermore, Mr. Choo Chee Kong, a former Director who resigned on 19 September, 2002, is a substantial shareholder of SBI E2-Capital Securities Pte, holding an indirect interest of 21.2%. Consequently, the Share Subscription Agreement constitutes a connected transaction for the Company pursuant to Chapter 14 of the Listing Rules.

### **PRINCIPAL FACTORS CONSIDERED**

#### **Principal Business of the Group**

The principal business of the Group is investment holding, financial services and consultancy, marketing and technology services while the non-core business of the Group comprises garment manufacturing and property holding. Recently, in view of the changing business prospect and economic environment, the Group has fine-tuned its business direction by focusing on financial services, venture capital, consultancy and technology. The fine-tuning of the business strategy of the Group has been evident by the divisional contribution to the Group's turnover: Turnover of the financial services division represented 28.31% of the Group's turnover for the year ended 30 June, 2001 and subsequently rose to 46.75% for the year ended 30 June, 2002.

The flagship of the financial services division is SBI E2-Capital Limited, a 51% indirectly owned subsidiary of the Company, which engages in investment banking, securities and commodities brokerage and research, asset management and financial products. In Singapore, the exposure of SBI E2-Capital Limited is only limited to corporate financial advisory business through SBI E2-Capital Pte Ltd. With the completion of the Share Subscription Agreement, the Singapore operation of the

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## LETTER FROM YU MING

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Group will not only be able to diversify into securities brokerage and trading, but can also become a full service investment bank. We understand the consideration for the Share Subscription of approximately S\$5 million (approximately HK\$22 million) to be applied as paid-up capital is determined by the management of SBI E2-Capital Securities Pte with reference to its future operational requirement.

Based on the above, we are of the opinion that the Share Subscription Agreement is in line with the business objectives and strategies of the Group. With the completion of the Share Subscription Agreement, we concur with the view of the Directors that the Group would be able to enhance the future co-operation and synergy between the securities brokerage operations in Singapore and Hong Kong. Therefore, we are of the opinion that the Share Subscription Agreement is in the interests of the Shareholders and the Company.

### *Conditions*

The completion of the Share Subscription Agreement is conditional upon the following:

1. SBI E2-Capital Securities Pte having obtained the relevant consents and approvals from relevant authorities in Singapore in respect of the allotment and issue of the Subscription Shares to SBI E2-Capital Holdings Pte, SBI E2-Capital Asia and SBI E2-Capital China;
2. SBI E2-Capital Securities Pte having obtained a dealer's licence from the Monetary Authority of Singapore; and
3. The passing of a resolution by the independent Shareholders approving the Share Subscription Agreement. As at the Latest Practicable Date, written confirmations approving the Share Subscription Agreement have been received from SIIH and Softbank Finance Corporation, both being substantial shareholders of the Company and Mr. Yu Kam Kee, a vice-chairman and an executive Director of the Company, which collectively hold 54.82% of the issued share capital of the Company as at the dates of such written confirmations. Accordingly, a waiver from convening an extraordinary general meeting to approve the Share Subscription Agreement pursuant to the Listing Rules has been applied and granted by the Stock Exchange on 2 October, 2002.

### *Completion*

It is expected that completion will take place on or before 31 October, 2002, or any other date as the parties may agree mutually in writing.

### **Basis of Valuation, Consideration and Financial Impact**

The consideration of approximately S\$5 million (approximately HK\$22 million) for the Subscription Shares is based on the expected operational requirement by the management of SBI E2-Capital Securities Pte and the statutory requirement by the Singapore Exchange Securities Trading Limited. The consideration for the Subscription Shares will be contributed by SBI E2-Capital Holdings Pte, E2-Capital Asia and SBI E2-Capital China in proportion to their respective equity



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## LETTER FROM YU MING

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interest in SBI E2-Capital Securities Pte. The funding for the Subscription Shares will be from the internal resources of the subscribing parties. Since the unit subscription price will be identical amongst the subscribing parties, we are of the view that the Share Subscription Agreement is fair and reasonable insofar as the Shareholders are concerned.

Based on the above, there will be no significant impact on all of the net asset value, profit and loss, working capital and gearing ratio of the Group as a result of the Share Subscription Agreement. Therefore, we are of the view that the Share Subscription Agreement is fair and reasonable insofar as the Shareholders are concerned.

### RECOMMENDATION

With the information and representations provided and opinions given by the Directors and having taken into account the above mentioned principal factors, we are of the view that the terms of the Share Subscription Agreement are fair and reasonable insofar as the Shareholders are concerned and are in the interest of Company.

Yours sincerely  
For and on behalf of  
**YU MING INVESTMENT MANAGEMENT LIMITED**  
**Warren Lee**  
*Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Directors and chief executive of the Company and their respective associates had the following interests in the equity or debt securities of the Company or any of its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)) which was required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under Section 31 or Part I of the Schedule to the SDI Ordinance), or which were required to be entered in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

### (A) Interests in the Company

#### (1) Shares

Name of Director	Number of shares		
	Personal interest	Corporate interest	Total
Yu Kam Kee, Lawrence	162,918,026	4,882,965*	167,800,991
Yu Kam Yuen, Lincoln	12,083,885	—	12,083,885
Wong Sin Just	3,002,000	—	3,002,000
Li Shui	3,500,000	—	3,500,000

\* Mr. Yu Kam Kee, Lawrence has a shareholding of 60% in Henway Enterprises Limited, the beneficial owner of 4,882,965 Shares of the Company.

(2) *Share options*

As at the Latest Practicable Date, the following Directors had interests that were required to be recorded in the register kept by the Company pursuant to Section 29 of the SDI Ordinance, being share options granted under the Company's share option scheme to subscribe for shares:

Name of Director	Period during which share option may be exercisable	Price per share to be paid on exercise of share option <i>HK\$</i>	Number of share option granted and not yet exercised
Yoshitaka Kitao	01-11-2000 to 31-10-2010	0.48	27,960,000
	17-08-2001 to 16-08-2011	0.39	10,000,000
Hiroyuki Nakanishi	21-02-2002 to 20-02-2012	0.28	24,402,000
Yu Kam Kee, Lawrence	21-02-2002 to 20-02-2012	0.28	24,402,000
Wong Sin Just	21-02-2002 to 20-02-2012	0.28	24,402,000
Akira Kajikawa	21-02-2002 to 20-02-2012	0.28	24,402,000
Katsuya Kawashima	21-02-2002 to 20-02-2012	0.28	17,500,000
Wong Kean Li	21-02-2002 to 20-02-2012	0.28	6,000,000
Li Shui	21-02-2002 to 20-02-2012	0.28	2,440,000
Kang Dian	21-02-2002 to 20-02-2012	0.28	2,440,000

In addition to the share options granted by the Company disclosed above, certain options were granted by SIIH to Asset Horizons Limited ("AHL"), a company wholly-owned by Mr. Wong Sin Just, the chief executive officer and an executive Director of the Company. As at the Latest Practicable Date, the options entitle AHL to purchase 56,550,000 existing issued shares of the Company beneficially owned by SIIH at an exercise price of HK\$0.48 each at any time during the period from 16 August, 2001 to 15 August, 2011.

(B) **Interests in associated corporations**(1) *Shares*

## (i) SOFTBANK CORP.

Name of Director	Number of ordinary shares
Yoshitaka Kitao	283,080
Hiroyuki Nakanishi	30,592
Katsuya Kawashima	23,585

## (ii) Softbank Investment Corporation

Name of Director	Number of ordinary shares
Yoshitaka Kitao	4,259.94
Hiroyuki Nakanishi	386.97
Katsuya Kawashima	1,199.94
Akira Kajikawa	0.99

## (2) Share options

## (i) SOFTBANK CORP.

Name of Director	Period during which share option may be exercisable	Price per Share to be paid on exercise of share option JPY	Number of share option granted and not yet exercised
Yoshitaka Kitao	07-07-2000 to 07-07-2003	6,454.10	97,612.37
	08-02-2002 to 06-02-2004	28,607.00	157.30
Hiroyuki Nakanishi	21-03-2001 to 20-03-2003	2,767.50	722.00
Katsuya Kawashima	07-07-2000 to 07-07-2003	6,454.10	4,803.00
	08-02-2002 to 06-02-2004	28,607.00	157.30

## (ii) Softbank Investment Corporation

Name of Director	Period during which share option may be exercisable	Price per Share to be paid on exercise of share option JPY	Number of share option granted and not yet exercised
Yoshitaka Kitao	01-04-2002 to 31-03-2007	18,750.10	2,279.98
	01-04-2003 to 31-03-2008	18,750.10	2,279.98
	27-02-2002 to 18-02-2004	191,000.00	1,570.00
Hiroyuki Nakanishi	01-04-2002 to 31-03-2007	18,750.10	1,079.99
	01-04-2003 to 31-03-2008	18,750.10	1,079.99
	27-02-2002 to 18-02-2004	191,000.00	1,308.00
Katsuya Kawashima	01-04-2002 to 31-03-2007	18,750.10	599.99
	01-04-2003 to 31-03-2008	18,750.10	599.99
Akira Kajikawa	01-04-2002 to 31-03-2007	18,750.10	479.99
	01-04-2003 to 31-03-2008	18,750.10	479.99

## (iii) Cognotec Japan K.K.

Name of Director	Period during which share option may be exercisable	Price per Share to be paid on exercise of share option JPY	Number of share option granted and not yet exercised
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Yoshitaka Kitao	01-06-2000 to 07-05-2005	60,000	300
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## (iv) Softbank Frontier Securities Co, Ltd

Name of Director	Period during which share option may be exercisable	Price per Share to be paid on exercise of share option JPY	Number of share option granted and not yet exercised
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Yoshitaka Kitao	Four years from the date of IPO	50,000	100
	Four years from the date of IPO	350,000	150
Katsuya Kawashima	01-06-2000 to 22-05-2006	50,000	50
	01-04-2001 to 29-03-2007	350,000	50

## (v) Insweb Japan K.K.

Name of Director	Period during which share option may be exercisable	Price per Share to be paid on exercise of share option JPY	Number of share option granted and not yet exercised
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Yoshitaka Kitao	01-08-2000 to 09-07-2006	75,000	280
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## (vi) Web-Lease Co, Ltd

Name of Director	Period during which share option may be exercisable	Price per Share to be paid on exercise of share option JPY	Number of share option granted and not yet exercised
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Yoshitaka Kitao	01-08-2000 to 13-07-2006	50,000	240
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(vii) E\*Advisor Co, Ltd

<b>Name of Director</b>	<b>Period during which share option may be exercisable</b>	<b>Price per Share to be paid on exercise of share option JPY</b>	<b>Number of share option granted and not yet exercised</b>
Yoshitaka Kitao	01-11-2000 to 05-10-2007	50,000	120

(viii) E-Loan Japan K.K.

<b>Name of Director</b>	<b>Period during which share option may be exercisable</b>	<b>Price per Share to be paid on exercise of share option JPY</b>	<b>Number of share option granted and not yet exercised</b>
Yoshitaka Kitao	01-12-2000 to 09-11-2006	50,000	200

(C) Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive or their associates had or were deemed to have any interest in any securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under Section 31 of or Part 1 of the Schedule to the SDI Ordinance) or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, and none of the Directors and chief executive of the Company, or their spouse or children under the age of 18, had any right to subscribe for any securities of the Company, or had exercised any such right.

(D) Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have since 30 June, 2001, being the date on which the latest published audited consolidated accounts of the Company were made up, been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries:

- (1) On 24 January, 2002, the Company acquired from E2-Capital (Holdings) Limited (“E2-Capital”) 100% equity interest of ebizal (Holdings) Limited (formerly known as ebizal Investments Limited), a wholly owned subsidiary of E2-Capital for a total consideration of approximately HK\$68.1 million. E2-Capital was, at that time, owned as to approximately 26.02% by Mr. Wong Sin Just, an executive Director.

- (2) On 28 March, 2002, the Company acquired from Mr. Li Shui, a non-executive Director, 13.7% equity interest of Lai Fai International (BVI) Limited (formerly known as Infogold Assets Limited) for a total consideration of approximately JPY150.37 million (approximately HK\$8.80 million). In relation to the transaction, Mr. Li Shui paid an aggregate of approximately HK\$1.26 million to SBI E2-Capital (HK) Limited in return for the provision of financial advisory services.
- (3) On 29 August, 2002, the Company entered into a tenancy agreement whereby the Company agreed to lease from Fung Choi Properties Limited, a company indirectly owned as to 60% by Mr. Yu Kam Kee, Lawrence (an executive Director), a premise for a term of three years commencing from 1 January, 2003 till 31 December, 2005 (both dates inclusive). The premise will be used to replace the existing headquarter office of the Group. The aggregate rental payable under the tenancy agreement during the tenancy period is HK\$5,000,160.
- (E) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries, which was subsisting and was significant in relation to the business of the Group.
- (F) Save and except for the following persons who were at the Latest Practicable Date, directly or indirectly interested in 10% or more of the nominal value of the issued share capital of the Company, so far as the Directors are aware or can be ascertained after reasonable enquiry and according to the register kept by the Company under Section 16(1) of the SDI Ordinance, the Directors are not aware of any persons who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital of the Company:

Name	Number of Shares	%
SIIH*	909,903,061	37.29
Softbank Finance Corporation* (“SBF”)	260,000,000	10.65

\* SIIH is a direct wholly-owned subsidiary of Softbank Investment Corporation (“SBI”), SBF owns 66.07% interest in SBI and is in turn a direct wholly-owned subsidiary of SOFTBANK CORP., a company incorporated in Japan and whose shares are listed on the Tokyo Stock Exchange.

### 3. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Company since 30 June, 2001, being the date to which the latest published audited consolidated accounts of the Company were made up.

### 4. SERVICE CONTRACTS

There are no existing or proposed service contracts between any of the Directors and the Company or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## 5. EXPERTS' DISCLOSURE OF INTERESTS, CONSENTS AND QUALIFICATIONS

As at the Latest Practicable Date, Yu Ming has no direct or indirect shareholding in the Company or any of its subsidiaries, or any right to subscribe for or to nominate persons to subscribe for shares in the Company or any of its subsidiaries, or any interest, directly or indirectly, in any assets which have since 30 June, 2001, being the date to which the latest published audited consolidated accounts of the Company were made up, been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.

Yu Ming has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and opinions and references to its name in the form and context in which it appears.

Yu Ming is an investment adviser registered with the Securities and Futures Commission under the Securities Ordinance.

## 6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (public holidays excepted) at the registered office of the Company at 11th Floor, Man Yee Building, 60-68 Des Voeux Road Central, Hong Kong up to and including 17 October, 2002:

- (a) the Share Subscription Agreement;
- (b) the memorandum and articles of association of the Company;
- (c) each of the annual report of the Company for the financial period from 1 April, 1999 to 30 June, 2000 and for the financial year ended 30 June, 2001, respectively;
- (d) the second interim report of the Company for the twelve months ended 30 June, 2002;
- (e) the written confirmation from each of SIIH, Softbank Finance Corporation and Mr. Yu Kam Kee, Lawrence, referred to in the paragraph "Waiver from Shareholders' approval requirement" of "Letter from the Board";
- (f) the letter from the Independent Board Committee; and
- (g) the letter from Yu Ming.