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SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED
(Incorporated in Hong Kong with limited liability)

**Connected transactions involving
Partial disposal of interest in SBI E2-Capital Holdings Pte Ltd,
Provision of an undertaking to the Monetary Authority of Singapore,
and
Indemnity to E2-Capital (Holdings) Limited**

Financial Advisor



SBI E2-Capital (HK) Limited

The Agreements

On 3rd March, 2003, the Agreements were entered into between, inter alia, Westcomb, Mr. K.B. Fung and SBIIS whereby Westcomb and Mr. K.B. Fung agree to purchase from SBIIS and SBIIS agrees to sell to Westcomb and Mr. K.B. Fung approximately 7% and approximately 3% interest respectively in the issued share capital of E2-Capital Holdings Pte at a consideration of S\$1.40 million and S\$0.60 million respectively (equivalent to approximately HK\$6.27 million and HK\$2.69 million respectively). The Completion is subject to the approval from relevant regulatory authorities in Hong Kong and Singapore and all filings with any relevant government or regulatory authorities and other relevant third parties in Hong Kong, Singapore or elsewhere which are required in respect of these Agreements.

E2-Capital Holdings Pte is principally engaged in investment holding. The principal activities of the subsidiaries consist of the provision of corporate finance advisory and securities dealing in Singapore.

Mr. K.B. Fung is a director of SBI E2-Capital Limited, which is a 51% owned subsidiary of SIIS; and Mr. Choo Chee Kong, a former executive Director (who resigned on 19th September, 2002), holds 53.25% equity interest in Westcomb, therefore, the Agreements constitute a connected transaction for SIIS under Chapter 14 of the Listing Rules. The aggregate Consideration does not exceed HK\$10 million and the terms of the Agreements are accordingly disclosed in this announcement pursuant to Rule 14.25(1) of the Listing Rules and will be disclosed in SIIS's next published annual report and accounts.

Undertaking to the MAS

E2-Capital Securities Pte, a company incorporated in Singapore with limited liability and indirectly owned as to 28.56 per cent. by SIIS, 27.44 per cent. by E2-Capital, 40.00 per cent. by Westcomb, and 4 per cent. by Mr. Cheong Mun Hong before the Completion, has applied to MAS for MAS Capital Markets Services Licence to engage in underwriting, securities brokerage and trading business in Singapore. As a condition to the MAS granting the MAS Capital Markets Services Licence, the MAS requires each of SIIS and E2-Capital to provide to the MAS the SIIS Undertaking and E2-Capital Undertaking pursuant to which each of SIIS and E2-Capital will undertake to maintain E2-Capital Securities Pte in a sound financial position and pay and settle all obligations and liabilities of E2-Capital Securities Pte arising during the subsistence of the SIIS Undertaking and E2-Capital Undertaking respectively.

Westcomb is not required by the MAS to provide any undertaking in respect of the obligations of E2-Capital Securities Pte, but has agreed to indemnify both SIIS and E2-Capital in respect of 40 per cent. of any claim under the SIIS Undertaking and/or the E2-Capital Undertaking as the case may be. Under the terms of an indemnity to be provided by E2-Capital in favour of SIIS, E2-Capital will indemnify SIIS in respect of 49 per cent. of any claim under the SIIS Undertaking less any amount to be recovered by SIIS from Westcomb under the Westcomb Indemnity. Under the terms of the SIIS Indemnity to be provided by SIIS in favour of E2-Capital, SIIS will indemnify E2-Capital in respect of 51 per cent. of any claim under the E2-Capital Undertaking less any amount to be recovered by E2-Capital from Westcomb under the Westcomb Indemnity

E2-Capital Securities Pte is currently dormant and will be engaged in underwriting, securities brokerage and trading in Singapore upon an application to the MAS for the MAS Capital Markets Services Licence is approved.

The provision of the SIIS Undertaking to the MAS and the provision of the SIIS Indemnity to E2-Capital constitute connected transactions under Chapter 14 of the Listing Rules which require, inter alia, the appointment of an independent financial adviser, an approval of the shareholders of SIIS and a circular, containing details of the SIIS Undertaking and the SIIS Indemnity, to be despatched to the shareholders of SIIS. An independent financial adviser will be appointed to advise the independent Directors in respect of the SIIS Undertaking and the SIIS Indemnity.

A circular containing details of SIIS Undertaking and SIIS Indemnity, the advice of the independent financial adviser and the recommendation of the independent Directors in respect of the SIIS Undertaking and SIIS Indemnity is expected to be despatched to the shareholders of SIIS as soon as practicable.

Recent increases in the price of the shares of SIIS

We have noted the recent increases in the price of the shares of SIIS and wish to state that we are not aware of any reasons for such increases.

Suspension and resumption of trading

Trading in the shares of SIIS on the Stock Exchange was suspended from 9:30 a.m. on Tuesday, 4th March, 2003 at the request of SIIS pending for this announcement. Application has been made to the Stock Exchange for resumption of trading from 9:30 a.m. on Friday, 7th March, 2003.

Shareholders and investors should exercise extreme caution in dealing in the shares of SIIS.

THE AGREEMENTS

Date of the Agreements

3rd March, 2003

Parties

The Agreements are not inter-conditional and were entered into among,

- (1) SBIIS, a wholly owned subsidiary of SIIS, as vendor;
- (2) Westcomb as purchaser; and
- (3) Mr. K.B. Fung as purchaser

Assets disposed by SBIIS under the Agreements

Sale Shares:

1. 175,000 shares of S\$1.00 each in the share capital of E2-Capital Holdings Pte, being approximately 7% interest in the issued share capital of E2-Capital Holdings Pte to Westcomb and/or its nominees.
2. 75,000 shares of S\$1.00 each in the share capital of E2-Capital Holdings Pte, being approximately 3% interest in the issued share capital of E2-Capital Holdings Pte to Mr. K.B. Fung.

Major terms of the Agreements

Pursuant to the Agreements, SBIIS agrees to sell, Westcomb and Mr. K.B. Fung agree to purchase the Sale Shares. The Consideration payable by Westcomb and Mr. K.B. Fung to SBIIS for the Sale Shares is S\$1.40 million and S\$0.60 million (equivalent to approximately HK\$6.27 million and approximately HK\$2.69 million) respectively, which will be satisfied by the payment in cash by Westcomb and Mr. K.B. Fung respectively to SBIIS upon the Completion on or before 31st March, 2003.

The terms of the Agreements, including the Consideration, are based on arm's length negotiations between the parties to the Agreements after taking into considerations of the track record of E2-Capital Holdings Pte and its future prospects.

The Consideration represents a price-to-earnings ratio of approximately 6.63 times based on the unaudited consolidated net profit after tax of E2-Capital Holdings Pte for the 12-month period ended 31st December, 2002 and a premium of 577.97 per cent. and 265.63 per cent. to the audited consolidated net asset value of E2-Capital Holdings Pte as at 31st December, 2001 and unaudited consolidated net asset value of E2-Capital Holdings Pte as at 31st December, 2002 respectively.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements are on normal commercial terms and are fair and reasonable insofar as the independent shareholders of SIIS are concerned and are in the interest of SIIS and its shareholders as a whole.

Conditions of the Agreements

Completion is conditional upon, inter alia, satisfaction of the following conditions:

- a. Approval from relevant regulatory authorities in Hong Kong and Singapore or if so required by the Stock Exchange the passing at a general meeting of SIIS of a resolution of the shareholders of SIIS to approve this Agreement and matters contemplated hereunder; and
- b. All filings with any relevant government or regulatory authorities and other relevant third parties in Hong Kong, Singapore or elsewhere which are required in respect of these Agreements.

All the conditions are still outstanding as at the date of this announcement.

Completion

The Completion is anticipated to be on or before 31st March, 2003.

Information about E2-Capital Holdings Pte and its principal subsidiaries, E2-Capital Pte and E2-Capital Securities Pte

E2-Capital Holdings Pte is principally engaged in investment holding. The principal activities of E2-Capital Pte consist of the provision of corporate finance advisory services and securities dealing in Singapore, which currently can arrange underwriting and placement syndicates in initial public offerings and share placements and also advise the arrangement for private equity fund raisings for corporations to build their business strategy. The principal activities of E2-Capital Securities Pte are intended to commence underwriting, securities brokerage and trading business in Singapore upon an application to the MAS made on 28th January, 2003 for the MAS Capital Markets Services Licence is approved, which is expected to be on or before 30th June, 2003.

| | E2-Capital Holdings Pte¹ | Principal subsidiaries | |
|---|--|---|---|
| | | E2-Capital Pte | E2-Capital Securities Pte |
| Place of incorporation | Singapore | Singapore | Singapore |
| Date of incorporation | 19th July, 2001 | 1st April, 2000 | 22nd January, 2003 |
| Date of business commencement | 16th November, 2001 | 1st June, 2000 | not commenced yet, still waiting for licence |
| Licence held | N/A | CMS (CF + Dealing) ² | under application |
| Paid up capital | S\$2,500,002 | S\$2,500,000 | S\$2 |
| Financial resources requirements | N/A | minimum paid up capital of S\$2,000,000 for the CMS licence | minimum paid up capital of S\$1,000,000 for the dealing licence that E2-Capital Securities Pte is applying ³ |

1 SIIS has held the issued share of E2-Capital Holdings Pte after the restructuring through share swap effected on 16th November, 2001.

2 CMS (CF + Dealing) represents two categories of Capital Markets Services including both the corporate finance advisory licence and the securities dealing licence that is limited to arrange underwriting and placement syndicates in initial public offerings and share placements and also advise the arrangement for private equity fund raisings for corporations to build their business strategy.

3 Valid for underwriting, securities brokerage and trading business.

The unaudited consolidated net profit before and after tax of E2-Capital Holdings Pte for the period from 19th July, 2001 (date of incorporation of E2-Capital Holdings Pte) to 31st December, 2001 were approximately S\$1.00 million and approximately S\$0.80 million (equivalent to approximately HK\$4.48 million and HK\$3.58 million) respectively. The unaudited consolidated net profit before and after tax of E2-Capital Holdings Pte for the year ended 31st December, 2002 were approximately S\$3.75 million and approximately S\$3.02 million (equivalent to approximately HK\$16.80 million and HK\$13.53 million) respectively. The audited consolidated net asset value of E2-Capital Holdings Pte as at 31st December, 2001 was S\$2.95 million (equivalent to approximately HK\$13.22 million) and the unaudited consolidated net asset value of E2-Capital Holdings Pte as at 31st December, 2002 was approximately S\$5.47 million (equivalent to approximately HK\$24.51 million) respectively.

SIIS currently has one board seat out of five in the board of E2-Capital Holdings Pte. There will be no change in the composition of the board of E2-Capital Holdings Pte upon the Completion.

Purpose of the Agreements

Before the Completion, the investment by SIIS of 28.56% in E2-Capital Holdings Pte is treated as a long term investment, which is not equity accounted for, and classified as non-trading securities in the accounts with a carrying value of approximately HK\$6.89 million as at 31st December, 2002. The Directors are of the view that the disposal of 10% equity interest in E2-Capital Holdings Pte will recognize a gain on disposal of investment in non-trading securities of approximately HK\$6.55 million to SIIS upon the Completion.

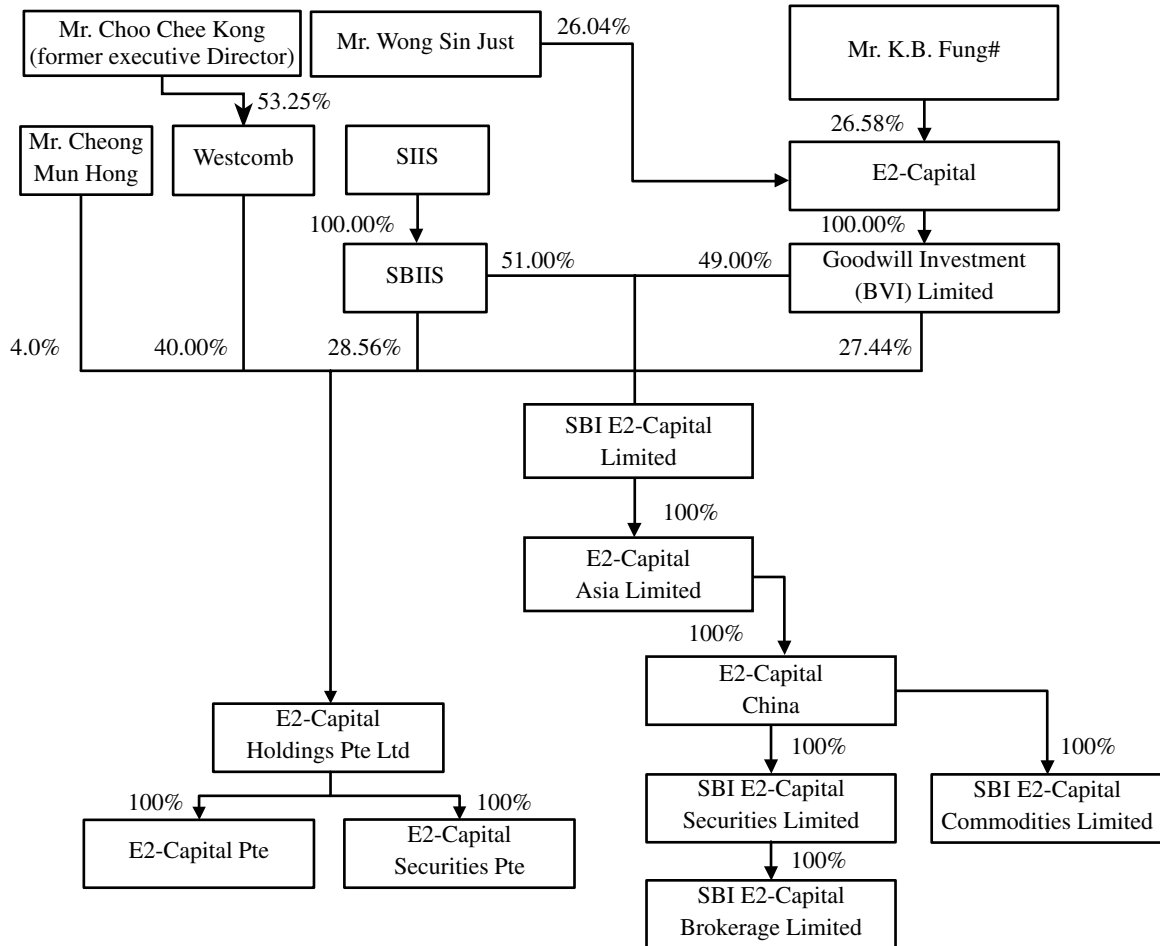
The Directors will formulate plans to utilise the Consideration of approximately HK\$8.96 million, until then, the Consideration would be used as the working capital of SIIS. Further announcement will be made if there is any change in the use of such proceeds.

It is the intention of the Directors to keep the remaining investment of 18.56% equity interest in E2-Capital Holdings Pte as a long term investment, which will not be equity accounted for.

Connected transaction implications

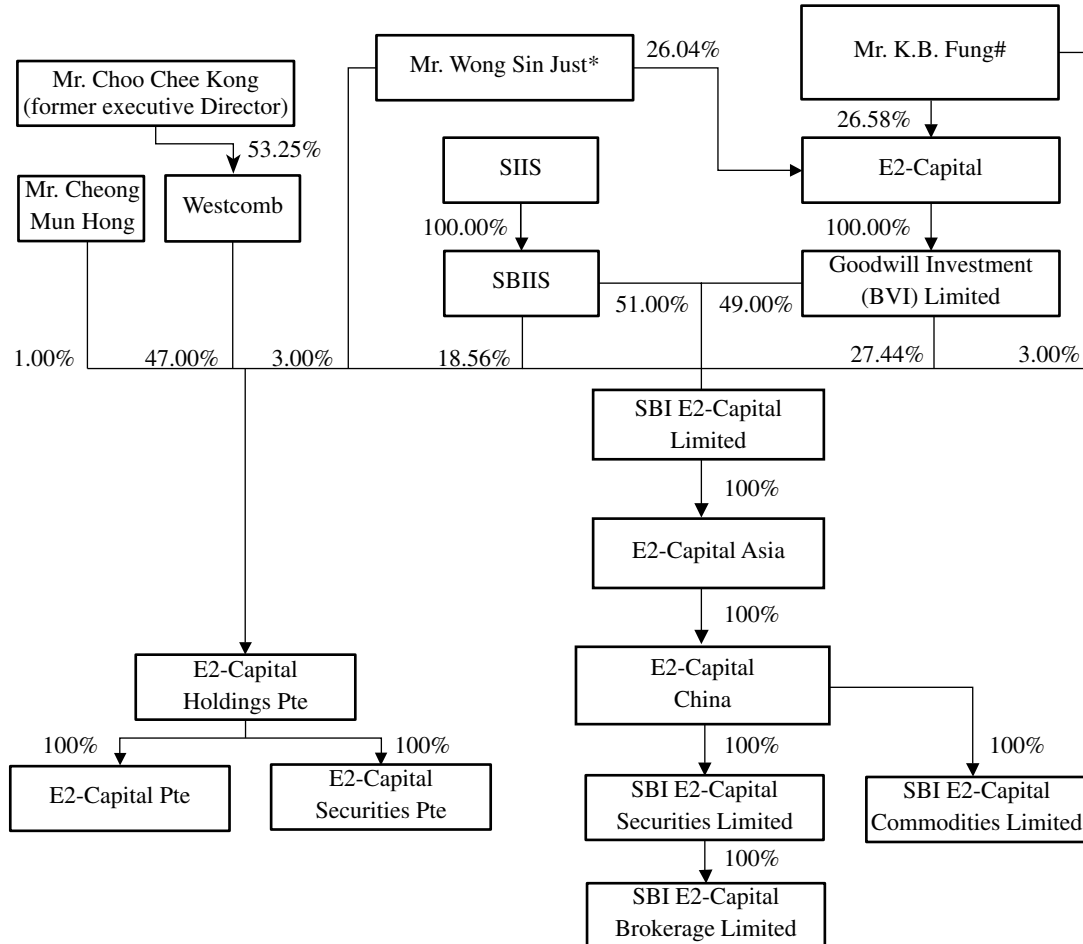
Mr. K.B. Fung is a director of SBI E2-Capital Limited, which is a 51% owned subsidiary of SIIS; and Mr. Choo Chee Kong, a former executive Director (who resigned on 19th September, 2002), holds 53.25% equity interest in Westcomb, therefore the Agreements constitute a connected transaction for SIIS under Chapter 14 of the Listing Rules. The aggregate Consideration does not exceed HK\$10 million and the terms of the Agreements are accordingly disclosed in this announcement pursuant to Rule 14.25(1) of the Listing Rules and will be disclosed in SIIS's next published annual report and accounts.

Set out below is the shareholding structure of E2-Capital Holdings Pte as at the date of this announcement (before the Completion and before the completion of the share subscription agreement and the share purchase agreement dated 11th September, 2002 as set out in the section headed “Increase in the paid up capital of E2-Capital Securities Pte):



Mr. K. B. Fung is the Co-Chairman of E2-Capital and director of SBI E2-Capital Limited.

Set out below is the shareholding structure of E2-Capital Holdings Pte after the Completion (but before the completion of the share subscription agreement and the share purchase agreement as set out in the section headed “Increase in the paid up capital of E2-Capital Securities Pte):



Mr. K. B. Fung is the Co-Chairman of E2-Capital and director of SBI E2-Capital Limited.

* On 3rd March, 2003, Mr. Wong Sin Just, an executive Director of SIIS, and Mr. Cheong Mun Hong, the existing shareholder of E2-Capital Holdings Pte and a third party independent to and not connected with SIIS, its substantial shareholders, directors, chief executives or their respective associates according to the Listing Rules, entered into a sale and purchase agreement whereby Mr. Wong Sin Just agrees to purchase from Mr. Cheong Mun Hong and Mr. Cheong Mun Hong agrees to sell to Mr. Wong Sin Just approximately 3.0% interest in the issued share capital of E2-Capital Holdings Pte at the same valuation to the Consideration. This sales and purchase agreement is not inter-conditional with the Agreements.

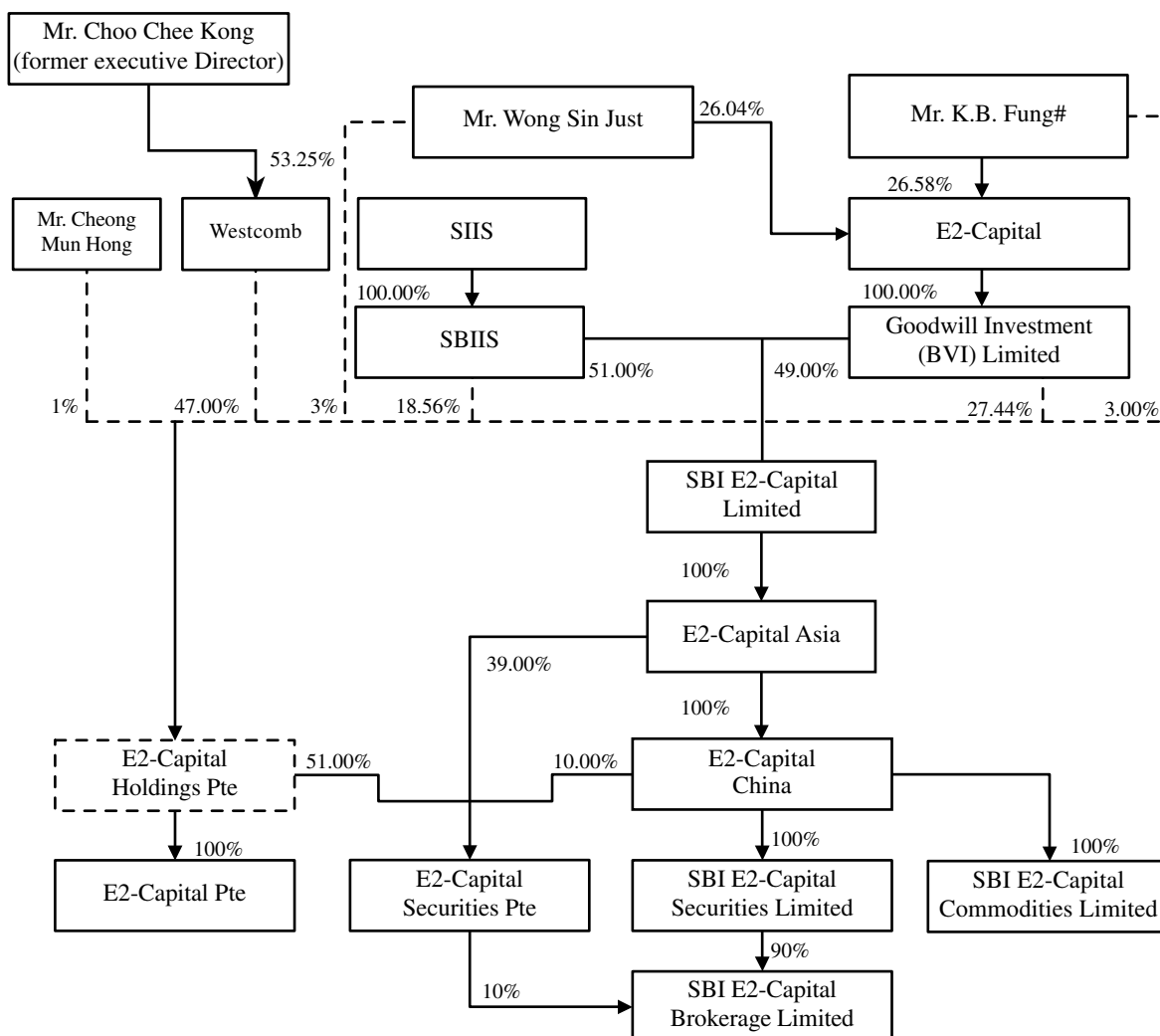
Increase in the paid up capital of E2-Capital Securities Pte

As set out in the announcement dated 12th September, 2002 and the circular dated 3rd October, 2002, pursuant to the share subscription agreement dated 11th September, 2002 entered into between E2-Capital Holdings Pte, E2-Capital Asia, E2-Capital China, E2-Capital Securities Pte, the paid up capital of E2-Capital Securities Pte will be increased from S\$2 (approximately HK\$8.96) to S\$5 million (approximately HK\$22 million) by way of issue an aggregate of 4,999,998 of new shares, which will be subscribed and payable by E2-Capital Asia, E2-Capital China and E2-Capital Holdings Pte in cash for approximately 39%, 10% and 51% of the issued share capital of E2-Capital Securities Pte, respectively. In addition, pursuant to the share purchase agreement dated 11th September, 2002 entered into between E2-Capital Securities Pte and SBI E2-Capital Securities Limited, E2-Capital Securities Pte will purchase 10% interest in SBI E2-Capital Brokerage Ltd from SBI E2-Capital Securities Limited for a consideration of S\$0.5million (approximately HK\$2.2 million). The completion of the above mentioned share subscription agreement and share purchase agreement is conditional upon the an application to the MAS made on 28th January, 2003 for the MAS Capital Markets Services Licence is approved, which is expected to be on or before 30th June, 2003.

SIIS currently has no board seat in the board of E2-Capital Securities Pte. The board of directors of E2-Capital Securities Pte will be expanded to six members and SIIS will appoint one board seat out of six after the increase in the paid up capital. No board seat will be appointed by E2-Capital Asia, E2-Capital China and E2-Capital. For further details, please refer to the announcement dated 12th September, 2002 and the circular dated 3rd October, 2002 issued by SIIS.

After the Completion and the completion of the above mentioned share subscription agreement and share purchase agreement dated 11th September, 2002, it is the intention of the Directors to keep the investment of SIIS in E2-Capital Securities Pte as a long term investment, which will not be consolidated nor equity accounted for by SIIS.

Shareholding structure after the Completion and the completion of the above mentioned share subscription agreement and share purchase agreement dated 11th September, 2002:



Mr. K. B. Fung is the Co-Chairman of E2-Capital and director of SBI E2-Capital Limited.

UNDERTAKING TO THE MAS

Introduction

E2-Capital Securities Pte is a company incorporated in Singapore with limited liability. It is currently dormant and will be engaged in securities brokerage and trading in Singapore upon an application to the MAS, which was made on 28th January, 2003, for the MAS Capital Markets Services Licence is approved. On 27th February, 2003, E2-Capital Securities Pte received an in-principle approval from MAS regarding its application for the MAS Capital Markets Services Licence.

As a condition to the granting of the MAS Capital Markets Services Licence, the MAS requires an undertaking to be given by each of SIIS and E2-Capital. Details of the aforementioned undertakings are set out below:

1. SIIS Undertaking

As a condition to the granting of the MAS Capital Markets Services Licence to E2-Capital Securities Pte, the MAS requires **an unconditional and irrevocable undertaking without limit of exposure and time limit to be provided by SIIS on a several basis (but bearing 100% responsibility of the following)** and pursuant to which SIIS shall undertake to the followings:

- (A) ensure that E2-Capital Securities Pte maintains sound liquidity and a sound financial position at all times;
- (B) on first demand made in writing by the MAS to SIIS, not only provide adequate funds to make up for any liquidity shortfall in E2-Capital Securities Pte but continue to meet, pay and settle all present and future obligations and liabilities of E2-Capital Securities Pte whether actual or contingent and howsoever arising;
- (C) upon first demand in writing by MAS, pay to MAS the sums specified by MAS in full without MAS being required to show that E2-Capital Securities Pte has defaulted or will default in any of its obligations. The obligations and liabilities expressed to be undertaken by SIIS under the SIIS Undertaking are those of a primary obligor and not merely as a surety. MAS may make multiple demands under this undertaking;
- (D) that any demand, notification or certificate given by MAS to SIIS, specifying sums due and payable under or in connection with any of the provisions of this undertaking shall, in the absence of manifest error, be conclusive and binding upon SIIS;
- (E) warrant and represent to MAS that the SIIS undertaking is a legal, valid and binding obligation of SIIS and is enforceable against SIIS according to its terms;
- (F) indemnify MAS and keep MAS indemnified against all losses, actions, claims, costs, charges, expenses and liabilities suffered or incurred by MAS in respect of the SIIS undertaking (including the costs, charges and expenses incurred in the enforcement of any of the provisions of this Undertaking or occasioned by any breach by SIIS of any of its obligations to MAS under this undertaking);
- (G) that the SIIS undertaking may not be amended, withdrawn or terminated without the prior written consent of MAS;
- (H) that the liability of SIIS under the SIIS undertaking shall not be affected, discharged or diminished by any act or omission which would but for this provision have exonerated SIIS as a guarantor but would not have affected, discharged or diminished the liability of SIIS had SIIS been a principal debtor;

- (I) that the SIIS undertaking shall take effect from the date that MAS grants the MAS Capital Markets Licence to E2-Capital Securities Pte, and remain valid and in force for as long as E2-Capital Securities Pte has outstanding obligations and liabilities notwithstanding -
- i. the cessation of the business;
 - ii. any variation of the licence; and
 - iii. the revocation, lapsing, suspension or expiry of the licence.
- (J) that the undertaking shall be, in all respects, governed by and interpreted according to the laws of the Republic of Singapore and SIIS agrees to submit to the non-exclusive jurisdiction of the Courts of the Republic of Singapore.

2. **E2-Capital Undertaking**

As a requirement to the granting of the MAS Capital Markets Services Licence to E2-Capital Securities Pte, the MAS requires an unconditional and irrevocable undertaking to be provided by E2-Capital in respect of all the obligations of E2-Capital Securities Pte on terms that are same as the SIIS Undertaking and on a several basis (but bearing 100% responsibility of the above mentioned clauses in 1.).

MAS does not require any such undertaking from beneficial owner of E2-Capital Holdings Pte other than SIIS and E2-Capital.

Granting of the above undertakings by E2-Capital and SIIS is not conditional upon the Completion and the completion of the share subscription agreement and share purchase agreement dated 11th September, 2002 as stated under the section headed "Increase in the paid up capital of E2-Capital Securities Pte".

Indemnities

Indemnities among SIIS, E2-Capital and Westcomb

i. *Westcomb Indemnity*

Westcomb is not required by the MAS to provide any undertaking in respect of the obligations of E2-Capital Securities Pte, but has agreed to indemnify both SIIS and E2-Capital in respect of 40 per cent. (by reference to the 40 per cent. shareholding interest in E2-Capital Holdings Pte before the Completion and its active management involvement in E2-Capital Securities Pte) of any claim under the SIIS Undertaking and/or the E2-Capital Undertaking as the case may be.

ii. *E2-Capital Indemnity*

Under the terms of an indemnity to be provided by E2-Capital in favour of SIIS, E2-Capital will indemnify SIIS in respect of 49 per cent. (by reference of its shareholding interest in SBI E2-Capital Limited after the Completion and the completion of share subscription agreement

and share purchase agreement dated 11th September, 2002 as set out under the section headed “Increase in the paid up capital of E2-Capital Securities Pte”) of any claim under the SIIS Undertaking less any amount to be recovered by SIIS from Westcomb under the Westcomb Indemnity.

iii. *SIIS Indemnity*

Under the terms of the SIIS Indemnity to be provided by SIIS in favour of E2-Capital, SIIS will indemnify E2-Capital in respect of 51 per cent. (by reference of its shareholding interest in SBI E2-Capital Limited after the Completion and the completion of share subscription agreement and share purchase agreement dated 11th September, 2002 as set out under the section headed “Increase in the paid up capital of E2-Capital Securities Pte”) of any claim under the E2-Capital Undertaking less any amount to be recovered by E2-Capital from Westcomb under the Westcomb Indemnity.

Apart from SIIS, E2-Capital and Westcomb, no other beneficial owner of E2-Capital Holdings Pte or E2-Capital Securities Pte are required to provide similar indemnities as stated above because they are holding a very low percentage of shareholding interests in and are not active management of E2-Capital Holdings Pte and E2-Capital Securities Pte.

Granting of the above indemnities is only conditional upon the procedures set out below under the section headed “Connected Transactions” and is not conditional upon the Completion and the completion of the share subscription agreement and share purchase agreement dated 11th September, 2002 as stated under the section headed “Increase in the paid up capital of E2-Capital Securities Pte”.

Taken into the effect of the indemnities set out under in i., ii. and iii. above, upon request in writing by the MAS to SIIS, SIIS shall provide approximately 30.60% (the basis of calculations is $(100\% - 40\% \text{ (Westcomb Indemnity)}) \times 51\% \text{ (SIIS Indemnity)}$) of the adequate funds to make up for any liquidity shortfall in E2-Capital Securities Pte and continue to meet, pay and settle 30.60% of present and future obligations and liabilities of E2-Capital Securities Pte whether actual or contingent and howsoever arising. The said 30.60% is lower than the effective interest of 34.45% ($((18.56\% \times 51\%) + (51\% \times 39\%) + (51\% \times 10\%))$) in E2-Capital Securities Pte held by SIIS after the Completion and the increase in the paid up capital of E2-Capital Securities Pte pursuant to the share subscription agreement dated 11th September, 2002 as set out above. Should the share subscription agreement and share purchase agreement not be completed, the said 30.60% will be higher than the effective interest of 18.56% in E2-Capital Securities Pte held by SIIS.

Reasons for the provision of the SIIS Undertaking and the SIIS Indemnity

The Directors are of the view that the provision of the SIIS Undertaking and the SIIS Indemnity, which would ultimately lead to the granting of the MAS Capital Markets Services Licence to E2-Capital Securities Pte, will enable SIIS to diversify its business activities in Singapore to securities brokerage and trading business as its long term investment for its equity interest of 34.45% in E2-Capital Securities Pte and thus enlarging its revenue base through E2-Capital Securities Pte. Furthermore, having taken into account the Westcomb

Indemnity and the indemnity to be given by E2-Capital to SIIS in respect of the obligations of SIIS under the SIIS Undertaking, the Directors consider the granting of the SIIS Undertaking and the SIIS Indemnity are fair and reasonable and in the interest of SIIS and its independent shareholders as a whole.

Connected Transactions

Pursuant to Rule 14.26 of the Listing Rules, the provision of the SIIS Undertaking and the provision of the SIIS Indemnity constitute connected transactions which require, inter alia, the appointment of an independent financial adviser, an approval of the independent shareholders of SIIS. An independent financial adviser will be appointed to advise the independent Directors in respect of the SIIS Undertaking and the SIIS Indemnity. As E2-Capital is interested in SIIS Undertaking and SIIS Indemnity in respect of its shareholding interest of 2.93% in SIIS, it or its associates will abstain from voting in the shareholders' meeting to approve the SIIS Undertaking and the SIIS Indemnity.

ADDITIONAL INFORMATION

A circular relating to the SIIS Undertaking and the SIIS Indemnity is expected to be despatched to shareholders of SIIS as soon as practicable.

Information relating to the SIIS Undertaking and the SIIS Indemnity, including the advice of the independent Directors and an independent financial adviser in respect of the SIIS Undertaking and the SIIS Indemnity and a notice convening the extraordinary general meeting will be set out in the circular.

INFORMATION RELATING TO SIIS

SIIS and its subsidiaries are principally engaged in investment holding, financial services including investment banking and brokerage services, research and fund management, consultancy, marketing and technology services, garment manufacturing as well as property holding and others.

RECENT INCREASES IN THE PRICE OF THE SHARES OF SIIS

We have noted the recent increases in the price of the shares of the SIIS and wish to state that, we are not aware of any reasons for such increases.

Made by the order of the Board of which individually and jointly accept responsibility for the accuracy of this statement.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the shares of SIIS on the Stock Exchange was suspended from 9:30 a.m. on Tuesday, 4th March, 2003 at the request of SIIS pending for this announcement. Application has been made to the Stock Exchange for resumption of trading from 9:30 a.m. on Friday, 7th March, 2003.

Shareholders and investors should exercise extreme caution in dealing in the shares of SIIS.

DEFINITIONS

| | |
|-----------------------------|--|
| “Agreements” | <ol style="list-style-type: none">1. sale and purchase agreement dated 3rd March, 2003 entered into between, Westcomb and SBIIS2. sale and purchase agreement dated 3rd March, 2003 entered into between Mr. K.B. Fung and SBIIS |
| “Board” | the board of Directors |
| “Completion” | the completion of the Agreements |
| “Consideration” | Westcomb and Mr. K.B. Fung agree to purchase from SBIIS approximately 7% and approximately 3% interest respectively in the issued share capital of E2-Capital Holdings Pte at a consideration of S\$1.40 million and S\$0.60 million respectively (equivalent to approximately HK\$6.27 million and HK\$2.69 million respectively) |
| “Directors” | directors of SIIS |
| “E2-Capital” | E2-Capital (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange |
| “E2-Capital Asia” | SBI E2-Capital Asia Limited, an indirectly 51% non-wholly-owned subsidiary of SIIS |
| “E2-Capital China” | SBI E2-Capital China Holdings Limited, an indirect wholly-owned subsidiary of E2-Capital Asia |
| “E2-Capital Holdings Pte” | SBI E2-Capital Holdings Pte Ltd, a company incorporated under the laws of the Republic of Singapore |
| “E2-Capital Pte” | SBI E2-Capital Pte Limited, a company incorporated under the laws of the Republic of Singapore and a wholly-owned subsidiary of E2-Capital Holdings Pte |
| “E2-Capital Securities Pte” | SBI E2-Capital Securities Pte Ltd, a company incorporated under the laws of the Republic of Singapore |
| “E2-Capital Undertaking” | an undertaking to be given by E2-Capital to the MAS as a requirement of the granting of the MAS Capital Markets Services Licence |
| “Mr. K.B. Fung” | Mr. Fung Ka Pun (alias K.B. Fung) is the executive co-chairman and executive director of E2-Capital |

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| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “MAS” | Monetary Authority of Singapore |
| “MAS Capital Markets Services Licence” | a Capital Markets Services Licence to be issued by the MAS to E2-Capital Securities Pte to conduct securities brokerage and trading businesses in Singapore. |
| “Sale Shares” | <ol style="list-style-type: none"> 175,000 shares of S\$1.00 each in the share capital of E2-Capital Holdings Pte, being approximately 7% interest in the issued share capital of E2-Capital Holdings Pte to Westcomb and/or its nominees. 75,000 shares of S\$1.00 each in the share capital of E2-Capital Holdings Pte, being approximately 3% interest in the issued share capital of E2-Capital Holdings Pte to Mr. K.B. Fung. |
| “SBIIS” | SBIIS Capital Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by SIIS. |
| “SIIS” | Softbank Investment International (Strategic) Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the main board of the Stock Exchange |
| “SIIS Indemnity” | an indemnity to be provided by SIIS in favour of E2-Capital in respect of the claim under the E2-Capital Undertaking |
| “SIIS Undertaking” | an undertaking to be given by SIIS to the MAS as a requirement of the granting of the MAS Capital Markets Services Licence |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Westcomb” | Westcomb Profits Limited, a company holding 40 per cent. of the issued share capital of E2-Capital Securities Pte before the Completion and an associate (as defined in the Listing Rules) of Mr. Choo Chee Kong, an existing director of E2-Capital Securities Pte and E2-Capital Holdings Pte and an ex-director of SIIS who had resigned from the Board on 19th September, 2002. |
| “Westcomb Indemnity” | a separate indemnity to be given by Westcomb to SIIS and E2-Capital in respect of the claim under the SIIS Undertaking and/or the E2-Capital Undertaking |

“HK\$” Hong Kong dollars

“S\$” Singapore dollars, the legal currency of Singapore

For illustration purpose, translations from S\$ to HK\$ is made at the rate of S\$1.00 = HK\$4.48

By Order of the Board

Wong Sin Just

Executive Director and Chief Executive Officer

Hong Kong, 6th March, 2003

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