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## **SOFTBANK INVESTMENT INTERNATIONAL (STRATEGIC) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **DISCLOSEABLE AND CONNECTED TRANSACTION INVOLVING PARTIAL DISPOSAL OF EQUITY INTEREST IN SBI E2-CAPITAL LIMITED**

The Board announces that on 22 October 2003, SBIIS CH, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Goodwill, a wholly-owned subsidiary of E2-Capital under which SBIIS CH agreed to sell to Goodwill the SBI E2 Shares, representing 2% of the issued share capital of SBI E2.

As Goodwill is a substantial shareholder of SBI E2 which is a non wholly-owned subsidiary of the Company, Goodwill is a connected person of the Company as defined under the Listing Rules. Hence, the Disposal constitutes a connected transaction of the Company under Rule 14.25 of the Listing Rules. However, as the consideration of the Disposal is less than HK\$10,000,000, no independent shareholders' approval is required. Brief details of the Disposal will be included in the Company's next published annual report and accounts in accordance with the Listing Rules.

The Disposal also constitutes a discloseable transaction for the Company under Rule 14.12 of the Listing Rules as the value of the net assets of SBI E2 represents more than 15% but less than 50% of the Company's consolidated net tangible assets. A circular containing further details of the Disposal will be despatched by the Company to its shareholders for their information as soon as practicable.

#### **THE SALE AND PURCHASE AGREEMENT**

SBIIS CH, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement on 22 October 2003 with Goodwill, a wholly-owned subsidiary of E2-Capital, under which SBIIS CH agreed to sell to Goodwill the SBI E2 Shares, representing 2% of the issued share capital of SBI E2.

SBI E2 is currently 51% owned by SBIIS CH and 49% owned by Goodwill.

#### **Date**

22 October 2003

#### **Parties**

(1) Vendor: SBIIS CH; and

(2) Purchaser: Goodwill

## **Consideration**

HK\$1,405,000.00

## **Payment Term**

Goodwill shall deliver to SBIIS CH a cashier order in the name of SBIIS CH or its nominee drawn on a licensed bank in Hong Kong for the sum of HK\$1,405,000.00 on the date of completion of the Disposal.

## **Conditions**

Pursuant to the Sale and Purchase Agreement, the Disposal is conditional upon the followings:

- (i) the attainment of the approval(s) from the Stock Exchange, the Hong Kong Futures Exchange Limited or the Securities and Futures Commission in Hong Kong (if required);
- (ii) if required by the Stock Exchange, the passing at a general meeting of the Company of a resolution of its shareholders or its independent shareholders to approve the Sale and Purchase Agreement or the sale of the SBI E2 Shares to Goodwill; and
- (iii) the filing of documents with any relevant government or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which may be required in connection with the Sale and Purchase Agreement.

## **Completion**

The completion of the Disposal is scheduled to take place on or before 31 December 2003 or any other date as SBIIS CH and Goodwill may mutually agree in writing.

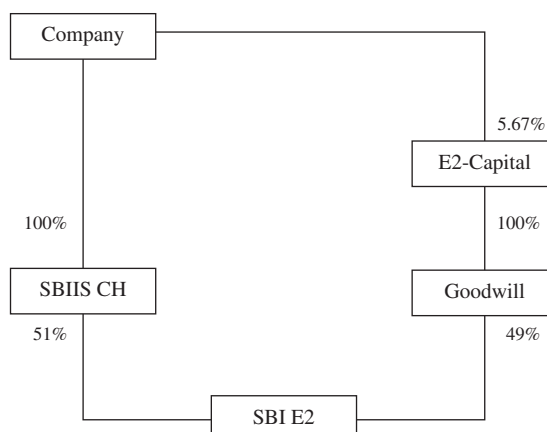
After completion of the Disposal, SBI E2 will be 51% owned by Goodwill and 49% owned by SBIIS CH.

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

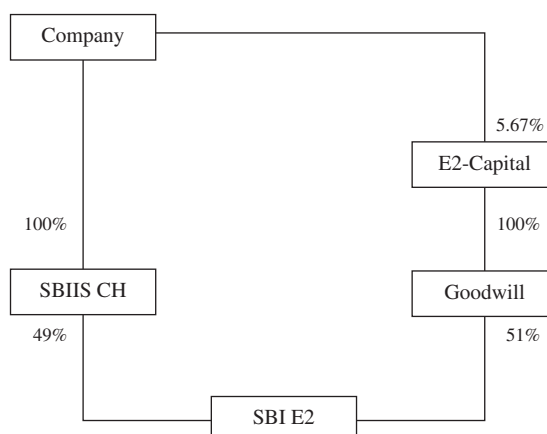
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**RELATIONSHIP BETWEEN THE COMPANY, SBIIS CH, E2-CAPITAL, GOODWILL AND SBI E2 PRIOR TO THE DISPOSAL**



**RELATIONSHIP BETWEEN THE COMPANY, SBIIS CH, E2-CAPITAL, GOODWILL AND SBI E2 AFTER THE DISPOSAL**



**INFORMATION RELATING TO SBI E2**

SBI E2 is currently 51% owned by SBIIS CH and 49% owned by Goodwill, hence, SBI E2 is beneficially 51% owned by the Company and 49% owned by E2-Capital.

SBI E2 is primarily involved in the provision of financial and related services including investment banking, securities and commodities broking and research. The audited net asset value of SBI E2 as at 31 December 2002 was approximately HK\$91,923,000. The audited loss before and after taxation of SBI E2 for the years ended 31 December 2001 and 2002 and the unaudited loss before and after taxation of SBI E2 for the six-month period ended 30 June 2003 were as follows:

	<b>Year ended 31 December 2001 (audited) HK\$'000</b>	<b>Year ended 31 December 2002 (audited) HK\$'000</b>	<b>Six-month period ended 30 June 2003 (unaudited) HK\$'000</b>
Loss before taxation	(13,831)	(9,544)	(21,908)
Loss after taxation	(15,410)	(13,748)	(21,923)

## **REASONS FOR THE DISPOSAL**

The Company would like to focus its business on the key area of venture capital investment management and private equity management and reduce its exposure to the financial services business.

As SBI E2's business has been managed financially by the finance team of E2-Capital, the Disposal and the de-consolidation of the accounts of SBI E2 from the Group's accounts as a result of the Disposal would better reflect the manner in which the business is being managed. In the long run, the Company anticipates that this may also further improve the liquidity of the Company, in particular, the liabilities (both existing and contingent) of the Group. Currently, the Company has given two several guarantees of approximately HK\$265.2 million to financial institutions (which are proportional to the Company's interest in SBI E2) in respect of banking facilities granted to SBI E2 Group. Following the Disposal, the Company intends to procure the release of such guarantees, subject to negotiations with the relevant financial institutions and, if required, obtaining their consents and/or shareholders' approval from both the Company and E2-Capital. In the event that such guarantees are not released after completion of the Disposal, if so required under the Listing Rules, the Company will make the necessary disclosure and/or obtain shareholders' approval to ensure compliance with the requirements of the Listing Rules.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement was entered into on normal commercial terms after arm's length negotiations by reference to the unaudited net asset value of SBI E2 as at 30 June 2003 (which is approximately HK\$70,265,000) and that the terms of the Sale and Purchase Agreement and the Disposal are fair and reasonable and in the interests of the Company so far as the independent shareholders are concerned.

The Group intends to apply the proceeds from the Disposal as working capital of the Group.

## **INFORMATION RELATING TO THE GROUP**

The Group is principally engaged in investment holding, private equity and venture capital investment management, 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.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	Softbank Investment International (Strategic) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“Disposal”	the disposal of the SBI E2 Shares by SBIIS CH to Goodwill pursuant to the Sale and Purchase Agreement
“E2-Capital”	E2-Capital (Holdings) Limited, a company incorporated under the laws of Bermuda and the shares of which are listed on the main board of the Stock Exchange

“Goodwill”	Goodwill Investment (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of E2-Capital
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SBI E2”	SBI E2-Capital Limited, a company incorporated under the laws of Cayman Islands and is currently 51% owned by SBIIS CH and 49% owned by Goodwill
“SBI E2 Group”	SBI E2 and its subsidiaries
“SBI E2 Shares”	6 ordinary shares of HK\$1.00 each in the capital of SBI E2, representing 2% of SBI E2’s issued share capital, currently held by SBIIS CH
“SBIIS CH”	SBIIS Capital Holdings Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 October 2003 entered into between SBIIS CH and Goodwill relating to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Wong Sin Just**  
*Executive Director*

Hong Kong, 22 October 2003

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