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The circular, for which the directors of iLink Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to iLink Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

If you have sold all your shares in iLink Holdings Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



iLink Holdings Limited

合縱連網控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATE FOR THE REPURCHASE BY THE COMPANY OF ITS OWN SHARES

This circular will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of its posting.

* *for identification purposes only*



iLink Holdings Limited

合縱連網控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

CHUNG Cho Yee, Mico (Chairman)
TAM Wai Keung, Billy (Chief Executive Officer)
CHEUNG Sum, Sam
LEE Brandon
LEUNG Man Leuk, Tommy
HUI Kwai
TANG King Fai

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Grand Cayman
Cayman Islands
British West Indies

Non-Executive Directors:

CHEN Johnson
LAM Wai Man, Virginia
NG Chi Shing

Head Office and Principal

Place of Business:

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The Center
99 Queen's Road Central
Hong Kong

Independent Non-Executive Directors:

WONG Wing Shing
CHENG Kai Ming, SBS, JP

29th March, 2001

To the shareholders of the Company

Dear Sir or Madam

GENERAL MANDATE FOR THE REPURCHASE BY THE COMPANY OF ITS OWN SHARES

INTRODUCTION

Prior to the listing of the shares of HK\$0.10 each in the capital of the Company on the Growth Enterprise Market (“GEM”) operated by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9th March, 2001, the directors of the Company (the “Directors”) were granted a general mandate to repurchase shares of the Company on GEM (the “Repurchase Mandate”). The Repurchase Mandate will expire at the conclusion of the forthcoming annual general meeting of the Company convened for the year ended 31st December, 2000 to be held at Harbour Plaza Room, Basement 1, Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong on Friday, 20th April, 2001 at 11:00 a.m. At the annual general meeting, a resolution will be proposed to renew the Repurchase Mandate to enable the Directors to repurchase the Company's shares on GEM.

The Repurchase Mandate would continue in force until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company

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LETTER FROM THE BOARD OF DIRECTORS

is required by the articles of association of the Company or by any applicable law of the Cayman Islands to be held or until the Repurchase Mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, whichever is the earliest.

Under the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”), the Company is required to give to its shareholders all information which is reasonably necessary to enable shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of a repurchase mandate. This circular is prepared for such purpose. The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in the appendix.

THE REPURCHASE MANDATE

On pages 66 to 70 of the annual report of the Company in respect of the year ended 31st December, 2000 is a notice of the forthcoming annual general meeting of the Company convened to be held at Harbour Plaza Room, Basement 1, Harbour Plaza North Point, 665 King’s Road, North Point, Hong Kong on Friday, 20th April, 2001 at 11:00 a.m. At the annual general meeting, and as part of the special business of that meeting, an ordinary resolution will be proposed to grant a general mandate to the Directors to exercise the powers of the Company to purchase shares of the Company up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution.

ACTION TO BE TAKEN

Whether or not you intend to attend the annual general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s Hong Kong branch registrars, Central Registration Hong Kong Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors believe that the exercise of the Repurchase Mandate is in the best interests of the Company and its shareholders. The exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share of the Company and will only be made when the Directors believe that a repurchase of shares will benefit the Company and its shareholders.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31st December, 2000, being the date of its last audited financial statements and from time to time. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing of the Company.

Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the relevant resolution to be proposed at the forthcoming annual general meeting of the Company.

Yours faithfully
TAM Wai Keung, Billy
Chief Executive Officer

This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information to you for your consideration of the proposed Repurchase Mandate.

1. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose listing is on GEM to repurchase their securities on GEM, subject to certain restrictions, the more important of which are summarized below. The Company is empowered by its memorandum and articles of association to repurchase its own shares.

(a) Source of funds

Repurchase must be financed out of funds which are legally available for the purpose and in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Company Law (2000 Revision) of the Cayman Islands, a company may repurchase its shares out of the proceed of a fresh issue of shares made for the purpose. Any amount of premium payable on a repurchase over the par value of the shares may be effected out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account. Capital can be used if the Company will be solvent following such payment.

(b) Connected persons

The GEM Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive, substantial shareholder or management shareholder of the company or any of its subsidiaries or any of their associates (as defined in the GEM Listing Rules) and a connected person is prohibited from knowingly selling his securities to the company on the Stock Exchange.

As at 23th March, 2001, being the latest practicable date prior to the printing of this circular (the "**Latest Practicable Date**"), and to the best knowledge of the Directors who have made all reasonable enquires, no connected person has notified the Company that he has a present intention to sell the shares to the Company, nor has undertaken not to do so, if the Repurchase Mandate is exercised by the Directors.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,053,474,922 shares of HK\$0.10 each.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no shares are issued or repurchased by the Company prior to the annual general meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 105,347,492 shares of HK\$0.10 each.

3. REASONS FOR THE REPURCHASE

Repurchases of shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share of the Company and/or its earnings per share.

4. FUNDING OF REPURCHASES

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association of the Company, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under the memorandum and articles of association of the Company and the applicable laws and regulations of the Cayman Islands for the purpose.

There might be a material adverse effect on the working capital of the Company or the gearing level as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31st December, 2000 and from time to time in the event the Repurchase Mandate is exercised in full. 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. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

6. EFFECT OF THE TAKEOVER CODE

If as a result of a repurchase of shares, 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 Takeover and Mergers ("**Takeovers Code**"). Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

As at the Latest Practicable Date, Media Touch Group Limited beneficially owned 504,630,000 shares of the Company, representing approximately 47.90% of the total issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase shares in accordance with the Repurchase Mandate, the shareholdings of Media Touch Group Limited would be increased to approximately 53.22% and Media Touch Group Limited may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Assuming that there is no issue of shares in the Company between the date of this circular and the date of a repurchase, an exercise of the repurchase mandate whether in whole or in part may result in less than relevant prescribed minimum percentage of the shares of the Company being held by the public as required by the Stock Exchange, which is currently 15% of the entire issued share capital of the Company. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such minimum percentage.

7. SHARE PRICES

The highest and lowest prices at which the shares of the Company have traded on GEM since the listing of the shares were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March 2001 (up to the Latest Practicable Date)	1.68	1.28

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its shares (whether on GEM or otherwise) since the listing of its shares on GEM on 9th March, 2001 up to the date of this circular.