

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



iLink Holdings Limited

合縱連網控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

RESTRUCTURING OF BEIJING OPERATION

On 8th May, 2002, the Group approved a corporate restructuring and formulated a plan to discontinue its data centre operation in Beijing, the PRC. As a result of the corporate restructuring, a provision for impairment losses in the amount of approximately HK\$29.7 million in respect of the fixed assets for the data centre operation in Beijing has been made for the three months ended 31st March, 2002.

The directors of the Company believe that the corporate restructuring will not have any significant impact on the Group's business plan as the Group has adopted an alternative approach to continue to provide data centre services to its customers by engaging a strategic partner in Beijing. In addition, the corporate restructuring will not have any impact on the use of proceeds from the placing at the time of the Company's listing on 9th March, 2001 as the original investment cost for the Beijing data centre was mainly financed by the Group's internal funding.

While iLink Holdings Limited (the "Company") and its subsidiaries (the "Group") have been focusing on improving its operation in Hong Kong, the Group also critically reviewed the data centre operation of 北京合縱連橫科技有限公司 ("Beijing Subsidiary"), a wholly-owned subsidiary of the Company registered in Beijing, the People's Republic of China (the "PRC"). Different alternatives had been implemented to try to increase its revenue and to control its costs. However, all of these had not been very successful and a loss of approximately HK\$12.6 million and HK\$3.2 million was incurred for the year ended 31st December, 2001 and the three months ended 31st March, 2002 respectively.

After a comprehensive review of its operation and the data centre market in Beijing, the Group had on 8th May, 2002 decided to restructure this operation. A plan was formulated by the Group to discontinue its data centre operation in Beijing and accordingly, a provision for impairment losses in respect of the fixed assets for this data centre operation amounting to approximately HK\$29.7 million was made as the realizable value of these fixed assets was not expected to be significant. However, part of this provision may be recoverable upon disposing some of these assets. Other than the Group's investments in these fixed assets, Beijing Subsidiary had no other significant assets or liabilities and the directors of the Company do not anticipate any further significant restructuring cost arising from the closure.

The directors of the Company believe that the corporate restructuring will not have any significant impact on the Group's business plan as the Group has adopted an alternative approach to continue to provide data centre services to its customers by engaging a strategic partner in Beijing. The restructuring of its operation is an act of prudence by the management to cater for the existing business environment and to continue to provide data centre services in Beijing at a more cost-effective way with reduced operating costs. The Group will also closely monitor the market and adjust its strategy responsively to undertake any business opportunities arising.

With Beijing and other major cities in the PRC remain as areas for growth for the Group, the directors of the Company is exploring different investment opportunities including the set-up of a new operation in Beijing which will provide web-hosting, online storage and secure mailing system to its customers. It is preliminarily expected that no significant capital expenditures will be incurred for such investments.

By Order of the Board
TAM Wai Keung, Billy
Director and Chief Executive Officer

Hong Kong, 9th May, 2002

This announcement, for which the directors of the Company 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 the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the date of its publication and the Company's website at www.iLink.net.

* *For identification purpose only*