

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.

[code/bank]
Codebank Limited
數碼庫有限公司

(incorporated in Hong Kong with limited liability)

**PROPOSAL IN RELATION TO CONDITIONAL PARTIAL OFFERS TO
ACQUIRE UP TO 174,000,000 SHARES AND UP TO 17,400,000
OPTIONS IN THE COMPANY**

This announcement is to clarify the recent press articles in relation to the Company.

Mr. Cheng Yu Hong, director of the Company, confirm that the Company has received from Polywise Limited [the Proposals](#) at 9:27 p.m. on 3 June 2002 and at 9:29 p.m. on 6 June 2002 respectively in relation to the Partial Offers to make conditional cash offers for up to 174,000,000 Shares (representing about 29% of the issued share capital of the Company) at HK\$0.02 per Share in cash and up to 17,400,000 Options (representing 29% of total number of Options granted by the Company as at the date of this announcement) at HK\$0.001 per Option in cash. The offer price of HK\$0.02 per Share represents a discount of about 64.29% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on 13 May 2002, being the last trading day before the suspension of trading of the Shares on the Stock Exchange. The offer price of HK\$0.02 per Share also represents a discount of about 63.63% to the 10-day average closing price of HK\$0.055 per Share ended 13 May 2002, and a discount of about 68.25% to the adjusted net asset value of about HK\$0.063 per Share as at 30 September 2001.

According to the Proposals, shareholders of the Company who are entitled to accept the Partial Offers are assured of being able, if they so wish, to sell to Polywise Limited 29 out of every 100 Shares they own at the close of the Partial Offers and holders of the Options may also tender to cancel their holding of Options to Polywise Limited at 29 out of every 100 outstanding Options. Shareholders are recommended to consider the Partial Offers carefully before tendering any acceptances.

Mr. Cheng Yu Hong, director of the Company, would also like to announce that the Company has

been approached by a number of potential investors. Amongst the proposals under discussion, the Company has received a preliminary proposal with terms subject to further negotiation from the financial adviser of a potential investor whereby the potential investor has proposed to inject a total of HK\$20 million cash into the Company.

Trading in the Shares was suspended on 14 May 2002 and will remain suspended pending the completion of the investigation as stated in the announcement of the Company dated 28 May 2002 and the release of the first quarter results of the Company and its subsidiaries for the three months ended 31 March 2002.

The directors of Codebank Limited (the "Company") have noted the recent press articles regarding the proposed acquisition by renren Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") of the shares ("Share(s)") of HK\$0.10 each of the Company.

Mr. Cheng Yu Hong, director of the Company, confirm that the Company has received from Polywise Limited, a wholly owned subsidiary of renren Holdings Limited, a proposal and a revised proposal (together, [the "Proposals"](#)) at 9:27 p.m. on 3 June 2002 and at 9:29 p.m. on 6 June 2002 respectively in relation to the partial offers ("Partial Offers") to make conditional cash offers for up to 174,000,000 Shares (representing about 29% of the issued share capital of the Company) at HK\$0.02 per Share in cash and up to 17,400,000 options ("Option(s)") to subscribe for Shares (representing 29% of total number of Options issued by the Company as at the date of this announcement) at HK\$0.001 per Option in cash. The offer price of HK\$0.02 per Share represents a discount of about 64.29% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on 13 May 2002, being the last trading day before the suspension of trading of the Shares on the Stock Exchange. The offer price of HK\$0.02 per Share also represents a discount of about 63.63% to the 10-day average closing price of HK\$0.055 per Share ended 13 May 2002, and a discount of about 68.25% to the adjusted net asset value of about HK\$0.063 per Share as at 30 September 2001.

According to the Proposals, shareholders of the Company who are entitled to accept the Partial Offer are assured of being able, if they so wish, to sell to Polywise Limited 29 out of every 100 Shares they own at the close of the Partial Offers and holders of the Options may also tender to cancel their holding of Options to Polywise Limited at 29 out of every 100 outstanding Options. The Partial Offers are subject to the consent of the Securities and Futures Commission.

The Company has not yet had any discussions with renren Holdings Limited or Polywise Limited in relation to the Partial Offers as at the date of this announcement. Shareholders should note that 279,917,733 Shares (representing about 46.65% of the issued share capital in the Company) are subject to restrictions on disposal during the period of twelve months from 21 December 2001, the

date of listing of the Shares on the Stock Exchange ("Listing Date") and 46,083,974 Shares (representing about 7.68% of the issued share capital in the Company) are subject to restrictions on disposal during the period of six months from the Listing Date. For the details on the restrictions on disposal of the Shares, please refer to pages 87 to 88 of the prospectus of the Company dated 17 December 2001.

As at the date of this announcement, Options to subscribe for an aggregate of 60,000,000 Shares have been granted by the Company pursuant to the pre-IPO share option plan ("Pre-IPO Share Option Plan") adopted by the Company on 7 December 2001. Shareholders should note that an Option is not assignable and is personal to the grantee and may not be exercisable for the first twelve month period from the Listing Date pursuant to the Pre-IPO Share Option Plan.

Shareholders should note that the Partial Offers may or may not proceed. Further announcements will be made as soon as possible. Shareholders are recommended to consider the Partial Offers carefully before tendering any acceptances.

Pursuant to rule 8.2 of The Hong Kong Code on Takeovers and Mergers ("Takeovers Code"), Polywise Limited will post the offer document containing details of the Partial Offers within 21 days from the 6 June 2002. Under rule 8.4 of the Takeovers Code, the Company's circular will be despatched to the shareholders of the Company within 14 days from the date of posting of the offer document. The Company has not yet appointed an independent financial adviser to advise the shareholders of the Company on the Partial Offers. An announcement will be made in respect of the appointment of the independent financial adviser as soon as possible.

Mr. Cheng Yu Hong, director of the Company, would also like to announce that the Company has been approached by a number of potential investors. Amongst the proposals under discussion, the Company has received a preliminary proposal with terms subject to further negotiation from the financial adviser of a potential investor whereby the potential investor has proposed to inject a total of HK\$20 million cash into the Company. The Company is currently in preliminary discussions with these potential investors in relation to the proposed issue of new Shares or other securities of the Company. However, no terms have yet been agreed between the Company and the potential investors. Further announcement will be made as and when appropriate.

Trading in the Shares was suspended on 14 May 2002 and will remain suspended pending the completion of the investigation as stated in the announcement of the Company dated 28 May 2002 and the release of the first quarter results of the Company and its subsidiaries for the three months ended 31 March 2002.

By order of the Board
Codebank Limited
Cheng Yu Hong
Director

Hong Kong, 7 June 2002

This announcement, for which the Directors (except for Mr. Deng Yi and Mr. Woo Chia-Wei due to the reason that they have submitted their resignation letters to the Company and such resignations have not yet been approved by the board of directors of the Company and that Mr. Woo Chia-Wei is currently overseas and is not contactable) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Codebank Limited. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make this announcement misleading; and (3) 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 on the GEM website for at least seven days from its date of publication.