DIGITEL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

2002 THIRD QUARTERLY RESULTS ANNOUNCEMENT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination of GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange 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.

This announcement, for which the directors (the "Directors") of DigiTel Group Limited (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 (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company. 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 any statement in 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.

HIGHLIGHTS FOR THE NINE-MONTH PERIOD

- The Group's turnover was approximately HK$6.9 million.
- Loss attributable to shareholders was approximately HK$55.1 million.
- The Directors do not recommend the payment of an interim dividend.

The Directors announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months (the "Three-Month Period") and the nine months ("the "Nine-Month Period") ended 30 September 2002, together with the unaudited comparative figures for the corresponding period as follows:

		For the three months ended 30 September		**For the nine months ended 30 September**	
		2002	2001	**2002**	2001
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*2*	**3,126**	22,430	**6,935**	56,576
Cost of sales		**(5,016)**	(20,924)	**(8,641)**	(44,146)
Gross (loss)/profit		**(1,890)**	1,506	**(1,706)**	12,430
Other revenues		**6**	1,244	**687**	4,541
Selling and distribution costs		**–**	(1,469)	**–**	(5,424)
Administrative expenses		**(3,308)**	(14,190)	**(25,844)**	(42,111)
Gain/(Loss) on disposal/write off of fixed assets		**93**	–	**(10,750)**	–
Provision for diminution in value of inventory		**–**	–	**(11,259)**	–
Operating loss		**(5,099)**	(12,909)	**(48,872)**	(30,564)
Finance costs		**(1,403)**	(939)	**(6,226)**	(2,459)
Share of loss of associates		**–**	(54)	**–**	(532)
Loss before taxation		**(6,502)**	(13,902)	**(55,098)**	(33,555)
Taxation	*3*	**–**	–	**–**	–
Loss after taxation		**(6,502)**	(13,902)	**(55,098)**	(33,555)
Minority interests		**–**	–	**–**	1,214
Loss attributable to shareholders		**(6,502)**	(13,902)	**(55,098)**	(32,341)
Loss per share	*5*				
Basic (cents)		**(0.570)**	(1.344)	**(5.068)**	(3.193)

Notes:

1. Basis of preparation

The results have been prepared under the historical cost convention as modified by the revaluation of investment property, investment securities and financial asset, in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

2. Turnover

The Group's turnover by principal activities is analysed as follows:

	For the three months ended 30 September		**For the nine months ended 30 September**	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
System integration contracts revenue	**1,741**	16,693	**1,741**	23,399
Customized solution services income	**4**	344	**579**	1,076
Sale of goods at invoiced value, net of returns and discounts	**1,095**	3,337	**3,847**	17,051
Web application services income	**2**	257	**10**	4,255
ISP services income	–	1,799	–	9,423
Maintenance services income	–	–	–	859
Consultancy services income	–	–	–	513
Rental income	**284**	–	**758**	–
	3,126	22,430	**6,935**	56,576

3. Taxation

	For the three months ended 30 September		For the nine months ended 30 September	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax	**–**	–	**–**	–

No provision for Hong Kong profits tax has been made as the Group had no assessable profits during the periods.

No provision for overseas taxation has been made during the periods as the subsidiaries operating in the PRC had no assessable income for PRC taxation purpose.

4. Dividend

The Directors do not recommend the payment of an interim dividend for ordinary shares for the Nine-Month Period (2001: Nil).

5. Loss per share

The calculation of basic loss per share is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2002	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss				
Net loss for the period	**6,502**	13,902	**55,098**	32,341
Number of shares				
Weighted average number of shares for the purpose of basic loss per share	**1,140,730,792**	1,034,583,071	**1,087,250,939**	1,013,002,127
Loss per share				
Basic (cents)	**(0.570)**	(1.344)	**(5.068)**	(3.193)

Diluted loss per share has not been presented as the effect of any dilution is anti-dilutive.

6. Reserves

	Share premium account *HK$'000*	Accumulated losses *HK$'000*	Capital reserve on consolidation *HK$'000*	Investment revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Total *HK$'000*
As at 1 January 2002	36,533	(100,934)	59,368	–	(65)	(5,098)
Exchange difference arising from translation of financial statements of subsidiaries outside Hong Kong	–	–	–	–	(2)	(2)
Share issuance expenses	(286)	–	–	–	–	(286)
Loss for the six months ended 30 June 2002	–	(48,596)	–	–	–	(48,596)
As at 30 June 2002	36,247	(149,530)	59,368	–	(67)	(53,982)
Loss for the three months ended 30 September 2002	–	(6,502)	–	–	–	(6,502)
As at 30 September 2002	**36,247**	**(156,032)**	**59,368**	**–**	**(67)**	**(60,484)**
As at 1 January 2001 (as previously reported)	10,978	9,713	37,521	(30,102)	–	28,110
Impairment of goodwill recognized upon the adoption of SSAP31	–	(21,847)	21,847	–	–	–
Revaluation deficit on investment securities recognized	–	(30,102)	–	30,102	–	–
As at 1 January 2001 (as retrospectively restated)	10,978	(42,236)	59,368	–	–	28,110
Disposal of interests in a subsidiary	–	–	451	–	–	451
Premium on issuance of shares	24,103	–	–	–	–	24,103
Loss for the six months ended 30 June 2001	–	(18,439)	–	–	–	(18,439)
As at 30 June 2001	35,081	(60,675)	59,819	–	–	34,225
Premium on issuance of shares	815	–	–	–	–	815
Loss for three months ended 30 September 2001	–	(13,902)	–	–	–	(13,902)
As at 30 September 2001	35,896	(74,577)	59,819	–	–	21,138

7. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of system integration services and engineering of broadband multimedia communication networks for public utilities and service providers in Hong Kong and the PRC. While the Group had not concluded any new system integration contract during the Nine-Month Period, the Group is operating ongoing projects contracted in Year 2001. The Group is currently engaged in a system integration project for an extranet system in Hong Kong (which project is expected to be completed by end of December 2002 and has a contract sum of HK$1,390,000). In addition, the Group is also engaged in a radio system project in the PRC (which is expected to be completed by mid-2003 and has a contract sum of approximately HK$45 million). The Group will continue to focus on selective software system projects to maintain and strengthen its operations.

In addition to the above two projects, the Group has been engaged in two internet access projects for initial investment purposes in the Guangdong Province (which is expected to commence in first quarter 2003 and to be completed by the end of 2004 once commenced). The Group has since October 2001 advanced a net amount of approximately HK$16.4 million as at 30 September 2002 temporary project funds to business partners for these internet access projects so that they can secure relevant licences, undertake various feasibility studies and construct various facilities.

The Directors foresee that the competition in system integration and broadband multimedia communication engineering services will continue to be very competitive. Furthermore, the Group is currently facing a number of writs, demands and claims described under the heading of "Litigations". In view of this, the Group is anticipating a restructuring of its businesses which will bring into the Group new business opportunities and additional funds while maintaining some of the core businesses of the Group. The Group believes that subsequent to the restructuring, the revenue base of the Group will be broadened which will generate more value to shareholders.

FINANCIAL REVIEW

For the Nine-Month Period, the Group's turnover was HK$6.9 million, representing a 88% decrease from HK$56.6 million for the same period in 2001. The Group recorded a loss attributable to shareholders HK$55.1 million for the Nine-Month Period, a 70% increase, as compared to the loss of HK$32.3 million for the same period in the previous year.

Turnover for the Three-Month Period was HK$3.1 million, representing a 86% decrease from HK$22.4 million for the corresponding period of 2001. The unaudited consolidated loss attributable to shareholders for the Three-Month Period was HK$6.5 million while there was a loss of HK$13.9 million for the corresponding period in 2001.

Turnover mainly comprised sale of inventories of HK$3.8 million for the Nine-Month Period. The depressed telecom and internet market for the past year has reduced the overall demand for the inventories currently kept by the Group and accordingly the Group had to dispose of its inventories below cost and incurred a loss of HK$3 million relating to the sale of inventories. A diminution in value of HK$8 million was also made against its stock on hand at 30 September 2002.

The loss in the Nine-Month Period included a loss of HK$10.8 million on the disposal of fixed assets arising from the disposal of surplus equipment and furniture and the write off of leasehold improvements and fixtures due to the relocation of the Group's offices.

The administrative expenses for the Nine-Month Period were reduced by 39% as compared to the same period in the previous year. The decrease was mainly due to a decrease of HK$10.1 million (63% decrease) in salary expenses, resulting from a significant downsizing in the Group's manpower.

To strengthen the financial position and for the development of the Group, the Company is in the course of negotiations with investors, for an investment of around HK$30 million into the Company. The parties have yet to agree whether the proposed investment is to be in the form of debt or equity or a combination of both. The Group believes that the potential new investors will create new business opportunities for the Group while at the same time relieve the current tight cash flow which the Group is facing. The Group may have insufficient working capital for maintaining its daily operation if such investments do not crystallise and if no alternative sources of funding are available to the Group. In the event that no alternative payment arrangements are agreed between the parties concerned, the Group may have difficulties in settling its debts when they fall due or when the judgments are entered against the Group in respect of the writs, demands and claims described under the heading of "Litigations".

LITIGATIONS

As at the date of this announcement, the Group has been served with writs, demands and claims with details as follows:-

(a) On 11 March 2002, a writ under HCA 956/2002 was issued, amended on 22 August 2002 and further amended on 24 October 2002 by The Center (65) Limited ("The Center (65)") against the following four parties:–

    (i) DigiTel Group (BVI) Limited, formerly known as DigiTel Group Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company ("DGL");

    (ii) Regal Policy Limited ("Regal Policy"), an indirect wholly owned subsidiary of the Company;

    (iii) Asia Tech Holdings Limited ("Asia Tech"), an associate of the Company of which 49% is indirectly owned by the Company with the remaining 51% is held by an independent third party not connected with the Directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the GEM Listing Rules; and

    (iv) Just Growth Investments Limited ("Just Growth"), an indirect wholly owned subsidiary of the Company

    (collectively the "Defendants").

    The Center (65) eventually claimed against Regal Policy for alleged failure to pay (i) a sum of HK$1,160,767.41 being the arrears of rent, air conditioning and management charges, rates and government rents up to 31 March 2002; (ii) another sum of HK$403,240.28 (already less the 3-month deposit) due to the withdrawal of rent free period of 5 months; (iii) a monthly sum of HK$317,410.00

being the rent or mesne profits, HK$49,637.50 per month being air-conditioning charges and management charges, government rates at the quarterly rate of HK$27,150.00 and government rent at the quarterly rate of HK$16,290.00 from 1 April 2002 up to the date of delivery of vacant possession; and (iv) other damages pursuant to a tenancy agreement entered into between The Center (65) and Regal Policy dated 16 May 2000 (the "First Tenancy Agreement") in respect of Units 6507-6510, 65th Floor, The Center, Central, Hong Kong (the "First Premises"). The Center (65) also claimed against Asia Tech, DGL and Just Growth as the guarantors in respect of the obligations of Regal Policy under the First Tenancy Agreement. A subsequently re-amended defence was filed by the Defendants on 7 November 2002. Vacant possession of the First Premises has been delivered to The Center (65) on 9 May 2002. The Group has settled all rental payment with The Center (65) under the First Tenancy Agreement up to 31 March 2002 and its 3-month deposit of HK$1,177,325.00 for the First Premises is still being retained by The Center (65). The Group, therefore, does not consider that it has material obligations to pay any further sums to The Center (65).

(b) On 31 May 2002, a writ was issued by Industrial and Commercial Bank of China (Asia) Limited ("ICBC") against DigiTel Communication (Asia) Limited ("DCAL"), Lit Cheong DigiTel Limited ("Lit Cheong") and Goway Investments Limited ("Goway") (collectively the "Subsidiaries", all being indirect wholly owned subsidiaries of the Company). ICBC claimed against the Subsidiaries for repayment of banking facilities granted to them (the "Facilities") in the sum of US$1,264,128.35 (approximately HK$9.86 million) and HK$15,331,361.00; and against the Company as the guarantor for the Subsidiaries. Pursuant to a legal charge dated 29 March 2000 (the "Legal Charge"), the Facilities were further secured by an investment property (the "Investment Property") owned by Goway, the market value of which (based on a valuation report prepared by an independent valuer) as at 31 December 2001 was HK$19.5 million. On 16 July 2002, the Company received a letter from Deloitte Touche Tohmatsu, who informed the Company that by virtue of the powers under the Legal Charge, two of their accountants were appointed as receivers and managers (the "First Receivers") by ICBC in respect of the Investment Property. The Investment Property has been once put on public auction on 18 September 2002 by the First Receivers but was not disposed of at the auction as the reserve price was not met. On 17 October 2002, summary judgement was entered against DCAL, Goway and the Company but dismissed against Lit Cheong. The Group is currently negotiating with ICBC alternatives of settling the outstanding amount under the judgement.

(c) On 1 June 2002, a writ under DCCJ 3361/2002 was issued by Elegance Finance Printing Services Limited ("Elegance") against the Company for failure to pay for printing services provided to the Company for an outstanding sum of HK$160,849.31. A defence was filed by the Company on 26 June 2002 which denies all the allegations of Elegance. The Company has been seeking legal advice in relation to this action and on its rights and further defence against Elegance and no payment has been made to Elegance in respect of the sums claimed.

(d) On 26 June 2002, a writ under HCA 2466/2002 was issued by Strong River Investments Incorporated and Montrose Investments Limited (the "Plaintiffs") against the Company. The Plaintiffs claimed against the Company for a sum of US$1,736,133.00 (approximately HK$13,541,837.40) for breach of an agreement for redemption of convertible debentures dated 3 December 2001 between the Plaintiffs and the Company, details of which are set out in the announcement of the Company dated 7 December 2001; and for failure by the Company to make payments pursuant to a subscription agreement dated 23 March 2001 between the Plaintiffs and the Company, details of which are set out in the announcement of the Company dated 23 March 2001 and 3 April 2001. The Company filed its defence on 27 July 2002. A judgement was entered against the Company on 26 August 2002. The Company has filed an appeal on 5 September 2002, which has been adjourned until restoration. The court has further granted the Company a stay of execution of the judgement. The Company is now in the course of negotiation for settlement with the Plaintiffs.

(e) On 5 July 2002, a writ under HCA 2604/2002 was issued by Compaq Financial Services (Hong Kong) Limited ("Compaq Finance") against the Company for a sum of HK$8,701,201.29 in respect of leasing computer equipment for the period from 1 March 2002 to 30 August 2003 under a master lease agreement (the "Master Lease Agreement"). As pleaded in the statement of claim dated 30 July 2002 and subsequently amended on 13 September 2002, Compaq Finance claimed against iGreatLink.com Limited ("iGreatLink"), an indirect wholly owned subsidiary of the Company, as the principal debtor under the Master Lease Agreement and the Company as the guarantor under two guarantees provided by the Company to Compaq Finance to guarantee the performance and payment obligations of iGreatLink. The Company filed its defence on 13 August 2002 and amended defence on 27 September 2002. Compaq Finance has repossessed the computer equipment. However, such repossession of the computer equipment will not have any significant impact on the daily business operations of the Group.

(f) On 20 July 2002, a claim (no.LBTC6760/2002) was filed pursuant to the Labour Tribunal Ordinance (Cap. 25) against DigiTel Communication (Asia) Limited ("DCAL") by 2 ex-employees (the "Claimants") for a total sum of HK$99,708.20. DCAL eventually reached settlements for the sum of HK$86,300.00 with the Claimants. The Labour Tribunal has made a settlement order on 16 August 2002. DCAL is in the course of settling the judgement sum by instalments.

(g) On 16 August 2002, the Company received a letter from Baker Tilly informing the Group that pursuant to a Deed of Charge, Nortel Networks (Asia) Limited ("Nortel") has appointed an employee of Baker Tilly to be the receiver of the Group's certain network equipment. The said equipment was purchased by iGreatLink.com Limited ("iGreatLink") and was financed partly by cash and partly by the issue of convertible notes by iGreatLink to Nortel whereby title of the equipment will only pass upon the repayment by iGreatLink of the principal amount of the convertible notes. The equipment was returned to Nortel and the Group is currently negotiating with Nortel for settlement of the outstanding indebtedness of US$738,508.16 (approximately HK$5,760,363.65).

(h) On 2 September 2002, the writ under HCA 3356/2002 was issued by The Center (43) Limited ("The Center (43)") against Regal Policy Limited ("Regal Policy"). The Center (43) claimed against Regal Policy for alleged failure to pay rent for the period from 1 June 2002 to the expiry date under the tenancy agreement between The Center (43) and Regal Policy dated 18 April 2000 in respect of the premises known as 43rd Floor, The Center, 99 Queen's Road, Central, Hong Kong (the "Second Premises"). The alleged total amount claimed against Regal Policy is HK$4,398,421.89. Regal Policy filed its defence on 27 September 2002, denying such claim at all. The Group confirms that vacant possession of the Second Premises has been delivered on 1 August 2002 and does not consider that it has material obligations to pay any further sums to The Center (43).

(i) On 2 September 2002, DigiTel Communication (Asia) Limited ("DCAL") received a demand issued by the Inland Revenue Department ("IRD") for the sum of HK$340,619.00 being profits tax for the year of assessment 2000/01. DCAL is currently negotiating with the IRD to pay such sum by instalments.

(j) On 18 September 2002, the writ under HCA 3579/2002 was issued by First Shanghai Capital Limited ("FSCL") against the Company. FSCL claimed against the Company a total sum of HK$698,333.33 for failure to pay its monthly retainer fees for the period from 31 August 2001 to 17 September 2002 and advisory fees. FSCL resigned as the continuing sponsor of the Company pursuant to Rule 6.61 of the GEM Listing Rules on 18 September 2002. A separate announcement was made by the Company on 26 September 2002 containing the details of the writ and the resignation of FSCL as the continuing sponsor of the Company. The Company filed its defence on 11 October 2002, denying such claim.

(k) On 24 September 2002, the Company received a demand issued by Key Equipment Finance Asia Limited ("KEF") demanding payment for the purported sum of US$503,087.30 (approximately HK$3,924,080.94) pursuant to a master lease agreement between KEF and iGreatLink.com Limited ("iGreatLink") dated 22 June 2001 for lease of equipment; and a guarantee issued by the Company on 22 June 2001 in favour of KEF to guarantee the obligations of iGreatLink under the master lease agreement. The Company is in the course of negotiating settlement with KEF. KEF has on 12 September 2002 repossessed all the equipment. However, there is no significant impact on the Group's daily business operations.

Apart from the actions against the Group disclosed hereinabove, there are no other material outstanding litigations against the Group as at the date of this announcement.

SHARE OPTION SCHEMES

Pursuant to the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") of the Company adopted on 30 June 2000, the directors and employees of the Group may be granted share options to subscribe for shares of the Company at an exercise price of HK$1.05 each. All options have a duration of 10 years from the date of grant of the options and exercisable after six months from the date of listing of the shares of the Company on GEM and each shall be lapsed on the date after three months of cessation of the employment of the relevant grantee. No share options can be granted under the Pre-IPO Share Option Scheme after the listing of the shares of the Company on 12 July 2000.

As at 30 September 2002, there were 20,000,000 outstanding share options granted under the Pre-IPO Share Options Scheme, with option period from 3 July 2000 to 2 July 2010. During the Nine-Month Period, 60,000,000 outstanding share options were lapsed due to the resignation of a director and four employees. No share options were exercised under the Pre-IPO Share Option Scheme since its adoption.

Under the share option scheme (the "Share Option Scheme") of the Company adopted on 30 June 2000, the Directors and employees of the Group may be granted share options to subscribe for shares of the Company at an exercise price determined by the Directors and shall be no less than the higher of (i) the closing price of the shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant. The total number of shares, which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other option scheme of the Company (including the Pre-IPO Share Option Scheme), must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an option. The options are exercisable within a period not less than 3 years and not more than 10 years from the date of grant.

No share options were granted under the Share Option Scheme since its adoption.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 September 2002, according to the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or otherwise notified to the Company pursuant to the minimum standards of dealings by the Directors as referred to in Rule 5.40 of the GEM Listing Rules, the interests of the Directors, chief executive and their associates in shares of the Company were as follows:

Name	Type of interest	Number of shares of the Company
Mr. Lee Chuen Bit	Corporate *(note)*	643,242,469

Note:

The shares of the Company are held by Lit Cheong Holdings Limited, the issued share capital of which is equally and beneficially held by The Grand Nature Trust ("GNT") and The Grand Will Trust.

Under the terms of GNT, certain members of the family of Mr. Lee Chuen Bit are potential capital beneficiaries of the trust (so that they may become capital beneficiaries of the trust). Mr. Lee Chuen Bit is not at present a potential capital beneficiary of GNT, but he is eligible to be declared as such pursuant to the existing provisions of the trust. Any of the potential capital beneficiaries may become a capital beneficiary if and when so declared as such pursuant to the applicable provisions of GNT, provided that he/she is not excluded under the provisions of the trust. Under the terms of the trust, the beneficiaries also include charities namely the Tung Wah Group of Hospitals, the Community Chest of Hong Kong, The Barbados Cancer Society and the Duke of Edinburgh's Award Scheme, if their respective purposes are recognised as exclusively charitable under Cayman Islands laws.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme of the Company, the Directors and employees of Group may be granted share options to subscribe for shares of the Company at an exercise price. During the Nine-Month Period, no options were granted or exercised by the Directors and as at 30 September 2002, there were no outstanding options which were granted to the Directors.

Apart from the above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executive or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDER

Other than the interests disclosed above in respect of directors, chief executive and their associates, as at 30 September 2002, according to the register of substantial shareholders required to be kept under Section 16(1) of the SDI Ordinance, the following person was interested in 10% or more of the issued share capital of the Company.

Name	Number of shares of the Company held
Lit Cheong Holdings Limited	643,242,469

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Nine-Month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTEREST

Save as the non-executive director, Mr. Fan Ren Da, Anthony who, resigned on 5 July 2002, holds directorships in high technology and internet-related companies, the Directors are not aware of, as at 30 September 2002, any business or interest of each director, initial management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

SPONSOR'S INTEREST

Immediately upon dealing in the shares of the Company on GEM on 12 July 2000 and pursuant to Rule 6.59 of the GEM Listing Rules, First Shanghai Capital Limited ("First Shanghai") was to receive certain fees for acting as the Company's retained sponsor for the period up to 17 September 2002, the date First Shanghai resigned as the sponsor. The Company, however, disputes the fees payable to First Shanghai and the details of which is described under the heading of "Litigations".

Pursuant to the announcement of the Company dated 26 September 2002, there remains outstanding the appointment of a replacing sponsor by the Company and the Company will use its best endeavor to appoint a replacement for the remaining period up to 31 December 2002 pursuant to Rules 6.63 of the GEM Listing Rules.

AUDIT COMMITTEE

In compliance with Rules 5.23 to 5.25 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems.

By Order of the Board
Lee Chuen Bit
Chairman

Hong Kong, 11 November 2002

This announcement will remain on the GEM website on the "Latest Company Announcement" page for at least 7 days from the date of its posting.