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國際融資控股有限公司*

International Capital Network Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

Termination of Sponsor Agreement

The Company's sponsor, Celestial Capital Limited, served a letter on the Company dated 10th December, 2002 in which it said it resigned as the Company's continuing sponsor. It issued a writ against the Company dated 30th December, 2002 relating to the termination of its role as sponsor.

Pursuant to a settlement agreement between the Company and Celestial Capital Limited dated 7th January, 2003, the parties agreed to terminate the sponsor agreement between them. Celestial Capital Limited ceased to be the Company's continuing sponsor from 24th December, 2002.

Termination of sponsor agreement

In a letter from Celestial Capital Limited ("CASH") to the Company dated 10th December, 2002 (the "Letter") CASH said that it resigned as the continuing sponsor of the Company and that it terminated the sponsor agreement dated 19th November, 2001 between the Company and CASH (the "Sponsor Agreement") under which it agreed inter alia to be the Company's continuing sponsor. The Company was of the opinion that CASH had no right to resign. In the Letter, CASH alleged that the Company had failed to provide sufficient information to CASH in relation to, amongst other things, disputes between the shareholders of the Company, the extraordinary general meeting requisitioned by certain shareholders of the Company, the winding up petition, the general offer and other recent events related to the Company. It further alleged that these matters constituted breaches by the Company of the Sponsor Agreement and rendered it impossible for CASH to satisfactorily perform its role as the sponsor of the Company. The Company did not and does not admit those allegations.

The Company received a writ of summons dated 30th December, 2002 in High Court, Action Number 4847 of 2002 (the “Action”), being an action brought by CASH as plaintiff against the Company. The principal claims in the Action were:

1. for a declaration from the court that the Sponsor Agreement has been validly and effectively terminated from and since 24th December, 2002;
2. that the Company be prohibited from representing or otherwise holding out CASH as the Company’s sponsor on or after 24th December, 2002; and
3. that the Company shall pay to CASH outstanding fee and disbursements under the Sponsor Agreement, damages and costs (the Company does not admit these are payable and the sum in dispute is HK\$11,612.90).

In view of the irreparable break down of the relationship between the Company and CASH (evidenced by the Action) and to avoid the potentially very significant costs involved in conducting litigation in the Action, the directors of the Company believe that the Company had little choice but to accede to terminate the Sponsor Agreement. The parties therefore entered into a settlement agreement dated 7th January, 2003 (the “Settlement Agreement”) under which they agreed, inter alia, to terminate the Sponsor Agreement with effect from 24th December, 2002. The principal terms of the Settlement Agreement are:

1. that the Company will not hold out CASH as its sponsor on and after 24th December, 2002; and
2. that CASH shall file a notice into court to discontinue the Action (the “Notice”) within 7 days of the Settlement Agreement.

An announcement will be made by the Company when the Notice is filed.

The GEM Listing Rules

The Company has notified the Stock Exchange of the termination of the Sponsor Agreement by a letter dated 7th January, 2003 in compliance with Rule 6.62 of the GEM Listing Rules. At present, the Company does not have a sponsor and is thus in breach of Rule 6.01. Under Rule 6.63 of the GEM Listing Rules, the Company must, as soon as practicable, make immediate arrangements to appoint a replacement sponsor for at least the balance of the minimum period referred to in Rule 6.01 or any period fixed for the purposes of Rule 6.02 of the GEM Listing Rules and must inform the Stock Exchange

and publish a further announcement immediately after the appointment has been made. The Company must, in any event, appoint a replacement sponsor within 3 months of the date on which CASH ceased to act. However, the Company believes that it may have difficulty in obtaining another sponsor due to the litigation surrounding the Company. The directors of the Company are considering the position and will be contacting various financial institutions with GEM sponsor status in the near future for the purpose of finding a replacement sponsor.

The directors of the Company will keep the public informed of any further developments in the above matter and further announcements will be made if and when appropriate.

By order of the Board
International Capital Network Holdings Limited
Hui Chuen Kin, Daniel
Chairman

Hong Kong, 9th January, 2003

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the day of its posting.

** For identification only.*

This announcement, for which the directors of International Capital Network 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 International Capital Network Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:-

- the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- there are no other matters the omission of which would make any statement in this announcement misleading; and*
- 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.*