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Codebank Limited
數碼庫有限公司

(incorporated in Hong Kong with limited liability)

**UPDATE ON THE RESTRUCTURING PROPOSAL AND
THE WINDING UP PETITION AGAINST THE COMPANY**

The Board of Directors (the "Board") of Codebank Limited (the "Company") would like to inform its shareholders that with respect to Memorandum of Understanding (the "MOU") entered into between the Company and Top Edge Tradings Limited ("Top Edge") as disclosed in the announcements of the Company dated 30 August 2002, 7 October 2002, 28 November 2002, 10 March 2003 and 7 May 2003 and expired on 15 February 2003, up to the date of this announcement, the Company has still not received any reply from Top Edge in connection with the MOU after a letter sent by the Company on 17 March 2003 requesting a confirmation of intention from Top Edge. Top Edge and the Company are currently discussing the settlement of the HK\$2,775,300.77 Earnest Money deposited by Top Edge with the Company.

With reference to the investigation on matters conducted by the Investigation Committees as disclosed in the Company's announcement dated 29 August 2002, the Board would like to inform its shareholders that as disclosed in the Company's announcement dated 10 March 2003 the Company had been notified by the Investigation Committee that the Investigation has been completed and the results of the Investigation are to be released subject to the settlement of the fees incurred in connection with the Investigation. The Board has been exploring many alternatives on the settlement of professional fees in order to have an early release of Investigation results. Further announcement will be made on this matter when there is final solution on this matter.

The Board would also like to inform its shareholders that on 19 May 2003, the High Court had approved the application of the withdrawal of the Winding-up petition from the petitioner To Yuet Sing as disclosed in the announcement of the Company on 10 March 2003. In addition, on the matter of the attempt by Top Edge, to step in as the substitute petitioner as disclosed in the announcement of the Company on 7 May 2003, the application to step in as substitute petitioner was dismissed by the High Court on 19 May 2003.

The Board would also like to inform its shareholders that regarding the Restructuring Proposal submitted by Judgment Creditor as disclosed in the Company's announcement dated 19 December 2002, the Judgment Creditor confirmed that they continued to be interested in the proposed restructuring of the Company on 16 April 2003. The execution of the Memorandum of Understanding in connection of Restructuring Proposal is subject to the Company's successful negotiation of the settlement of the Earnest Money with Top Edge, with terms satisfactory to the Judgment Creditor. Other than that, up to the date of this announcement, there is no critical update in connection with the Restructuring Proposal. Further announcement will be made on this matter in due course.

Trading in the shares of the Company was suspended on 14 May 2002 and will remain suspended pending completion of the Investigation as stated in the announcement of the Company dated 28 May 2002 and the release of the results of the Company and its subsidiaries respectively for the three months ended 31 March 2002, the six months ended 30 June 2002, the nine months ended 30 September 2002, the twelve months ended 31 December 2002 and the three months ended 31 March 2003.

Update on Top Edge Proposal

With respect to MOU entered into between the Company and Top Edge as disclosed in the announcements of the Company dated 30 August 2002, 7 October 2002, 28 November 2002, 10 March 2003 and 7 May 2003 and

expired on 15 February 2003, up to the date of this announcement, the Company has still not received any reply from Top Edge in connection with the MOU after a letter sent by the Company on 17 March 2003 requesting a confirmation of intention from Top Edge. Top Edge and the Company are currently discussing the settlement of the HK\$2,775,300.77 Earnest Money deposited by Top Edge with the Company.

Further Delay in Release of Investigation Result

With reference to the investigation on matters conducted by the Investigation Committees as disclosed in the Company's announcement dated 29 August 2002, as disclosed in the Company's announcement dated 10 March 2003 the Company had been noticed by the Investigation Committee that the Investigation has been completed and the results of the Investigation are to be released subject to the settlement of the fees incurred in connection with the Investigation.

The Board has been exploring various alternatives including i) save cash from the cash inflow generated from the Group's operations; ii) discuss with the Judgment Creditor for an interim loan to settle the fees incurred in connection with the Investigation and iii) negotiate with the professional party involved in the Investigation to seek an agreement on the settlement of professional fees in order to have an early release of Investigation results. Further announcement will be made on this matter when there is any schedule fixed. Further announcement will be made on this matter when there is final solution on this matter.

Winding Up Petition against the Company

With respect of the Winding Up Petition against the Company, on 19 May 2003, the High Court had approved the application of the withdrawal of the Winding-up petition from the petitioner To Yuet Sing as disclosed in the announcement of the Company on 10 March 2003. In addition, on the matter of the attempt by Top Edge, to step in as the substitute petitioner as disclosed in the announcement of the Company on 7 May 2003, the application to step in as substitute petitioner was dismissed by the High Court on 19 May 2003.

Group Restructuring Proposal Received by the Company from the Judgment Creditor

With respect of the Restructuring Proposal submitted by Judgment Creditor as defined in the Company's announcement on 19 December 2002 with "Restructuring Proposal", as disclosed in the Company's announcement dated 7 May 2003, the Judgment Creditor confirmed that they continued to be interested in the proposed restructuring of the Company on 16 April 2003. The execution of the Memorandum of Understanding in connection with Restructuring Proposal is subject to the Company's successful negotiation of the settlement of the Earnest Money with Top Edge, with terms satisfactory to the Judgment Creditor. Other than that, up to the date of this announcement, there is no critical update in connection with the Restructuring Proposal. Further announcement will be made on this matter in due course.

Continued Suspension of Trading

Trading in the shares of the Company was suspended on 14 May 2002 and will remain suspended pending completion of the Investigation as stated in the announcement of the Company dated May 28 2002 and the release of the results of the Company and its subsidiaries respectively for the three months ended March 31 2002, the six months ended 30 June 2002, the nine months ended 30 September 2002, the twelve months ended 31 December 2002 and the three months ended 31 March 2003.

By order of the Board
Codebank Limited
Cheng Yu Hong
Director

Hong Kong, 15 July 2003

This announcement, for which the Directors 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.