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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in i100 Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**i100 Limited**

*(Incorporated in Bermuda with limited liability)*

**PROPOSED REDUCTION OF ISSUED SHARE CAPITAL,  
SUBDIVISION OF UNISSUED SHARES,  
CANCELLATION OF SHARE PREMIUM  
AND AMENDMENT OF BYE-LAWS**

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A notice convening a special general meeting of i100 Limited (the “Company”) to be held at Conference Room, 2905 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 7 February 2003 is set out on pages 11 and 12 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company Secretary at the Company’s head office and principal place of business in Hong Kong at 2905 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so desire.

16 January 2003

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## EXPECTED TIMETABLE

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Latest time for lodging forms of proxy for the SGM (not less than forty-eight (48) hours before the SGM) .....	11:00 a.m. on Wednesday, 5 February 2003
SGM .....	11:00 a.m. on Friday, 7 February 2003
Effective Date .....	Monday, 10 February 2003
Announcement of result of SGM .....	Monday, 10 February 2003
First day for free exchange of existing certificates for the Shares for new certificates for the New Shares .....	9:00 a.m. on Monday, 10 February 2003
Dealings in the New Shares commence .....	9:30 a.m. on Monday, 10 February 2003
Last day for free exchange of existing certificates for the Shares for new certificates for the New Shares .....	4:30 p.m. on Monday, 10 March 2003

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“Announcement”	the announcement of the Company dated 8 January 2003 in relation to the Capital Reorganisation and Bye-law Amendment
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Bye-law Amendment”	the proposed amendment of Bye-laws referred to in the paragraph headed “Bye-law Amendment” of this circular
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the par value of each existing issued Share will be reduced from HK\$0.10 to HK\$0.01 on the Effective Date by cancelling an amount of HK\$0.09 of the paid-up capital from each issued Share
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Capital Reduction, Subdivision and Share Premium Cancellation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	i100 Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Effective Date”	the date, expected to be 10 February 2003, upon which the Capital Reorganisation and the Bye-law Amendment become effective
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities and Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	14 January 2003, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	new share(s) of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Subdivision
“SGM”	the special general meeting of the Company to be held at 11:00 a.m. on Friday, 7 February 2003 at Conference Room, 2905 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, to consider and, if appropriate, approve the Capital Reorganisation and the Bye-law Amendment
“Share(s)”	existing share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Schemes”	the share option schemes of the Company adopted on 21 August 1991, 22 May 2001 and 6 June 2002, respectively
“Share Premium Cancellation”	the proposed cancellation of share premium referred to in the paragraph headed “Share Premium Cancellation” of this circular
“Shareholders”	holders of Shares or New Shares, as the context may require
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the proposed subdivision of every one (1) authorised but unissued Shares (including those unissued Shares arising from the Capital Reduction) into ten (10) New Shares upon the Capital Reduction becoming effective

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LETTER FROM THE BOARD

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**i100 Limited**

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Mr. CHEUK, Ho Yeung Gerald  
*(Deputy Chief Executive Officer and  
Chief Financial Officer)*  
Mr. KAN, Siu Kei Laurie  
*(President and Chief Executive Officer)*  
Mr. VONG, Tat Ieong David  
*(Deputy Chief Executive Officer and  
Chief Operating Officer)*

*Non-executive Director:*

Mr. KO, Pil Jae Peter

*Independent non-executive Directors:*

Ms. TSANG, Wai Chun Marianna  
Mr. WONG, Ying Wai Wilfred

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*

2905 Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

16 January 2003

*To the Shareholders and for information only,  
holders of outstanding options granted under  
the Share Option Schemes*

Dear Sir or Madam,

**PROPOSED REDUCTION OF ISSUED SHARE CAPITAL,  
SUBDIVISION OF UNISSUED SHARES,  
CANCELLATION OF SHARE PREMIUM  
AND AMENDMENT OF BYE-LAWS**

**INTRODUCTION**

The Directors announced on 8 January 2003 a proposed Capital Reorganisation which involves (i) a reduction in the par value of each of the issued Shares from HK\$0.10 each by HK\$0.09 each to HK\$0.01 each; (ii) a subdivision of every one (1) authorised but unissued Share into ten (10) New Shares; and (iii) a cancellation of the entire amount standing to the credit of the share premium account of the Company as at the Effective Date; and the proposed amendment of the Bye-laws necessary for the proposed change in the par value of the Share to

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## LETTER FROM THE BOARD

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HK\$0.01 each as a result of the Capital Reorganisation. The total credit arising from the proposed Capital Reduction and Share Premium Cancellation will be credited to the contributed surplus account of the Company which may be utilised by the Directors in accordance with the Bye-laws and all applicable laws, including to fully eliminate the accumulated losses of the Company.

The purpose of this circular is to provide the Shareholders with further information regarding the Capital Reorganisation and the Bye-law Amendment and to give notice of the SGM to be convened for the purpose of approving the necessary resolution to implement the Capital Reorganisation and the Bye-law Amendment.

### **CAPITAL REORGANISATION**

#### **Capital Reduction**

The Directors propose that the Capital Reduction be effected by cancelling HK\$0.09 of the paid-up capital from each issued Share so that the par value of each such issued Share shall be reduced from HK\$0.10 to HK\$0.01. Accordingly, based upon the number of Shares in issue as at the Latest Practicable Date, i.e. 1,101,873,000 Shares, the issued share capital of the Company of HK\$110,187,300 will, upon the Capital Reduction becoming effective, be reduced by HK\$99,168,570 to HK\$11,018,730.

#### **Subdivision**

The Directors also propose that every one (1) authorised but unissued Share be subdivided into ten (10) New Shares. As at the Latest Practicable Date, there were 1,898,127,000 authorised but unissued Shares. On such basis and after including the authorised but unissued share capital of the Company arising from the Capital Reduction of HK\$99,168,570, there will be 28,898,127,000 authorised but unissued New Shares following the Subdivision.

#### **Share Premium Cancellation**

The Directors further propose that the entire amount standing to the credit of the share premium account of the Company as at the Effective Date be cancelled. As at 31 December 2001 and the Latest Practicable Date, the share premium account of the Company amounted to approximately HK\$237,549,000 and approximately HK\$255,030,000, respectively. It is anticipated that the amount standing to the credit of the share premium account as at the Effective Date will be approximately HK\$255,030,000.

#### **Application of Credit**

Based on the number of Shares in issue and the balance of the share premium account of the Company as at the Latest Practicable Date, the credit arising from the Capital Reduction of HK\$99,168,570 and the Share Premium Cancellation of approximately HK\$255,030,000

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## LETTER FROM THE BOARD

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shall be credited to the contributed surplus account of the Company which may then be utilised by the Directors in accordance with the Bye-laws and all applicable laws, including to fully eliminate the accumulated losses of the Company, which the Directors intend to do.

### **EFFECTS OF THE CAPITAL REORGANISATION**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$300,000,000 comprising 3,000,000,000 Shares and there is a total value of HK\$110,187,300 comprising of 1,101,873,000 Shares in issue. On such basis, there will remain 1,101,873,000 New Shares in issue following the Capital Reduction while the total value of the issued share capital of the Company will be reduced to HK\$11,018,730. The amount of the authorised share capital of the Company will remain unchanged after the Capital Reduction and the Subdivision but the par value of the authorised shares of the Company shall be reduced from HK\$0.10 to HK\$0.01 each and the number of authorised shares in the capital of the Company comprising of New Shares shall be increased to 30,000,000,000 New Shares, of which HK\$11,018,730 divided into 1,101,873,000 New Shares shall be issued and HK\$288,981,270 divided into 28,898,127,000 New Shares shall be unissued.

As at the Latest Practicable Date, options to subscribe for a total of 38,208,000 Shares granted under the Share Option Schemes are outstanding. Assuming that all of the outstanding share options granted under the Share Option Schemes were to be exercised in full prior to the Effective Date, an additional 38,208,000 Shares would be in issue and an additional credit of HK\$3,438,720 would arise from the Capital Reduction. Such credit, if it should arise, will also be transferred to the contributed surplus account of the Company which may then be utilised by the Directors in accordance with the Bye-laws and all applicable laws. In addition, the exercise price and/or the number of shares relating to these share options may have to be adjusted in accordance with the rules of the respective Share Option Schemes as a result of the Capital Reorganisation becoming effective. If any option granted under the Share Option Schemes becomes or remains exercisable on the Effective Date, the Company will request the auditors of the Company to provide a certificate as to the adjustment (if any) required to be made in accordance with the rules of the relevant Share Option Scheme(s) once the Capital Reorganisation becomes effective.

Other than the expenses incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and its subsidiaries.

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## LETTER FROM THE BOARD

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### REASONS FOR THE CAPITAL REORGANISATION

The Shares have been traded at prices below their par value of HK\$0.10 each for a majority of the trading days since late November 2002. The closing price of the Shares on 8 January 2003, being the date of the Announcement, and the Latest Practicable Date was HK\$0.054 per Share. The Company may not issue shares at a discount to their par value under the laws of Bermuda.

With a view to facilitating any capital raising when circumstances arise in the future and to avoid the cumbersome statutory procedure and time involved in its implementation, the Directors consider the Capital Reduction and the Subdivision to be in the best interests of the Company and the Shareholders as a whole. The Capital Reduction and Subdivision will allow flexibility for the allotment by the Company of the New Shares in the future if the Directors consider appropriate since the par value of the New Shares, as opposed to the par value of the Shares, will more accurately match the market value of the shares of the Company as currently traded. The Directors are currently considering the possibility of raising capital if opportunity arises.

Further, the audited financial statements of the Company as at 31 December 2001 showed that the Company had accumulated losses of approximately HK\$248,926,000. The Directors believe that it is unlikely that the Company will generate sufficient profits in the immediate future to eliminate the deficit and further, it would not be possible for the Company to pay dividends while the deficit remains. The Directors propose that the Capital Reduction and the Share Premium Cancellation be adopted by the Company so that the credit arising therefrom may be applied to eliminate the accumulated losses of the Company. Based on the accumulated losses as at 31 December 2001, the number of Shares in issue as at the Latest Practicable Date and the balance of the share premium account as at the Latest Practicable Date, the accumulated losses of the Company will be fully eliminated upon the Capital Reorganisation becoming effective.

### BYE-LAW AMENDMENT

As the Bye-laws currently provide that the share capital of the Company shall be divided into shares of a par value of HK\$0.10 each and as the par value of the Shares will be reduced from HK\$0.10 each to the par value of the New Shares of HK\$0.01 each after the Capital Reorganisation, it is necessary that the Bye-laws be amended to reflect that the par value of the New Shares will be HK\$0.01 each upon the Capital Reorganisation becoming effective. Please refer to item 1(e) of the SGM notice convening the SGM for details regarding the Bye-law Amendment.

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## LETTER FROM THE BOARD

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### CONDITIONS OF THE CAPITAL REORGANISATION AND THE BYE-LAW AMENDMENT

The Capital Reorganisation and the Bye-law Amendment are conditional on:

- (i) the passing by the Shareholders at the SGM of a special resolution approving each of the Capital Reduction, the Subdivision, the Share Premium Cancellation and the Bye-law Amendment;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares; and
- (iii) compliance in all respects with the Companies Act 1981 of Bermuda, including section 46 thereof.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation and the Bye-law Amendment will become effective on the Effective Date.

### LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares resulting from the Capital Reorganisation.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### NEW SHARES AND FREE EXCHANGE OF NEW SHARE CERTIFICATES

#### New Shares

The Shares are currently traded in board lots of 2,000 Shares. The New Shares will continue to be traded in board lots of 2,000 and will rank *pari passu* in all respects with each other, having the rights attached thereto as set out in the Bye-laws. The Capital Reduction and the Subdivision will not result in any change in the relative rights of the Shareholders.

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## LETTER FROM THE BOARD

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### **Free Exchange of New Share Certificates**

Subject to the Capital Reorganisation becoming effective, the Shareholders may submit their existing certificates for the Shares (in grey colour) in exchange for new certificates for the New Shares (in green colour), free of charge at Tengis Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong during business hours from 10 February 2003 to 10 March 2003. Thereafter, the existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amounts as may from time to time be allowed by the Stock Exchange) for each existing certificate to be received or new certificate to be issued, whichever is the higher.

It is expected that new certificates for the New Shares will be available for collection within a period of ten (10) business days from the date of submission of the existing certificates for the Shares to Tengis Limited for exchange. The Shareholders are reminded to submit their existing certificates for the Shares in exchange for new certificates for the New Shares on 10 February 2003 if they wish to have their new certificates available by 24 February 2003. All the existing certificates for the Shares and new certificates for the New Shares will be effective as documents of title for the New Shares and valid for trading, settlement and registration purpose.

There will not be any arrangement for parallel trading. The Capital Reorganisation is expected to take effect on the Effective Date and dealings on the Stock Exchange in the New Shares is expected to commence at 9:30 a.m. on 10 February 2003.

### **SGM**

There is set out on pages 11 to 12 in this circular a notice dated 16 January 2003 convening the SGM at which a resolution will be proposed to approve the Capital Reorganisation and the Bye-law Amendment.

The form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company Secretary at the Company's head office and principal place of business in Hong Kong at 2905 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for the holding of the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so desire.

### **RECOMMENDATION**

The Directors consider that the Capital Reorganisation and the Bye-law Amendment are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Capital Reorganisation and the Bye-law Amendment set out in the notice convening the SGM.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,  
By Order of the Board  
**i100 Limited**  
**KAN, Siu Kei Laurie**  
*President & Chief Executive Officer*

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## NOTICE OF SGM

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**i100 Limited**

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that a special general meeting of the shareholders of i100 Limited (the “Company”) will be held at 11:00 a.m. on Friday, 7 February 2003 at Conference Room, 2905 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, passing the following resolution:

### **SPECIAL RESOLUTION**

1. THAT, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, the shares of HK\$0.01 each in the issued share capital of the Company upon the Capital Reorganisation (as defined below) becoming effective, with effect from 9:30 a.m. on the next business day (not being a Saturday after the date on which this resolution is passed) (the “Effective Date”):
  - (a) the issued share capital of the Company be reduced by cancelling paid-up capital to the extent of HK\$0.09 on each of the shares of HK\$0.10 each in the capital of the Company in issue on the Effective Date (the “Capital Reduction”) so that each issued share in the capital of the Company shall be treated as one fully paid-up share of HK\$0.01 each in the capital of the Company (the “Reduced Share”) and any liability of the holders of Reduced Shares to make any further contribution to the capital of the Company on each such Reduced Share shall be treated as satisfied;
  - (b) the entire amount of HK\$255,030,000 standing to the credit of the share premium account of the Company as at the Effective Date be cancelled (the “Share Premium Cancellation”);
  - (c) subject to and forthwith upon the Capital Reduction and the Share Premium Cancellation taking effect, the credit amounts arising from the Capital Reduction and the Share Premium Cancellation be credited to the contributed surplus account of the Company where such amounts may be utilised in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the accumulated losses of the Company as at 31 December 2002 (the “Application of Credit”);
  - (d) subject to and forthwith upon the Capital Reduction and the Share Premium Cancellation taking effect, all of the authorised but unissued shares of HK\$0.10 each in the capital of the Company be subdivided into ten (10) shares of HK\$0.01 each in the capital of the Company (the “Subdivision”);

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## NOTICE OF SGM

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- (e) the bye-laws of the Company be amended by substituting the existing bye-law 3(1) with the following new bye-law 3(1):

“The share capital of the Company as at 10 February 2003, being the date on which the amendment to this bye-law 3(1) comes into effect, shall be divided into shares of HK\$0.01 each.”

(the “Bye-law Amendment”); and

- (f) the directors of the Company (the “Directors”) be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Capital Reduction, the Share Premium Cancellation, the Application of Credit and the Subdivision (collectively, the “Capital Reorganisation”) and the Bye-law Amendment.

By Order of the board of Directors  
**i100 Limited**  
**KAN, Siu Kei Laurie**  
*President & Chief Executive Officer*

Hong Kong, dated 16 January 2003

*Head office and principal  
place of business in Hong Kong:*  
2905 Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney must be deposited with the Company Secretary at the Company’s head office and principal place of business in Hong Kong at 2905 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting.
3. A form of proxy for use at the meeting is enclosed.
4. In the case of joint holders of a share of the Company, any one of such holders may vote at the meeting either in person or by proxy in respect of such share as if he was solely entitled thereto. However, if more than one of such joint holders is present at the meeting in person or by proxy, then one of such holders whose name stands first in the register of members of the Company shall alone be entitled to vote.