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Soundwill Holdings Limited

(Incorporated in Bermuda with limited liability)



福海集團有限公司
FUJIAN GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Turbo Success Ventures Limited

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

Reference is made to the joint announcements dated 3 June 2002 and 25 July 2002 issued by Soundwill Holdings Limited, Fujian Group Limited and Turbo Success Ventures Limited in relation to the MOU dated 29 May 2002. On 29 August 2002, FGL and the Investors have mutually agreed in writing to extend the exclusive right as contained in the MOU for a further period of nine months with effect from 29 August 2002.

The Investors have submitted a debt restructuring proposal to the major financial creditors of FGL and are in the process of negotiation with the major financial creditors of FGL in respect of the terms of the debt restructuring proposal. The terms of the agreements contemplated under the MOU have yet to be determined and the final terms of such agreements may not be exactly the same as those contained in the MOU.

The Restructuring Proposal may or may not proceed. Trading of FGL Shares on the Stock Exchange has been suspended since 16 February 2001. FGL is in the third stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules as announced on 22 July 2002 by the Stock Exchange.

A further announcement will be made to keep investors informed of any material development regarding the Restructuring Proposal as and when appropriate.

The FGL Directors also wish to provide an update on the litigation of FGL Group.

UPDATE ON RESTRUCTURING PROPOSAL

Reference is made to the joint announcements dated 3 June 2002 and 25 July 2002 issued by Soundwill Holdings Limited, Fujian Group Limited and Turbo Success Ventures Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in those joint announcements. Pursuant to the MOU, FGL has granted to the Investors and/or the Other Party the exclusive right for a period of three months from the date of the MOU which is 29 May 2002 (which period may be extended for a further period of 9 months) to (i) enter into the Investment Agreements with FGL for the purposes of enabling the Investors (or their respective nominees) and/or the Other Party to acquire at least 51 per cent. of the then issued share capital of

FGL and (ii) assist FGL in the finalisation of the terms of the Debt Restructuring Agreement with the major financial creditors of FGL. Given that the exclusive period may be extended for a further period of nine months at the sole discretion of the Investors and/or the Other Party pursuant to the MOU and in view that the Investors are still in the process of negotiation with the major financial creditors of FGL in respect of the terms of the debt restructuring proposal, FGL and the Investors have mutually agreed in writing on 29 August 2002 to extend the exclusive right for a further period of nine months with effect from 29 August 2002.

As mentioned in the joint announcement dated 25 July 2002, the Investors have submitted a debt restructuring proposal to the major financial creditors of FGL on 4 June 2002 and are in the process of negotiation with the major financial creditors of FGL in respect of the terms of the debt restructuring proposal. The terms of the agreements contemplated under the MOU have yet to be determined and the final terms of such agreements may not be exactly the same as those contained in the MOU.

It is expected that completion of the transactions to be contemplated under the agreements contemplated under the MOU will result in a change in control of FGL. The transaction to be contemplated under the Sale and Purchase Agreement, if materialises, is expected to constitute a notifiable transaction for SHL, under the Listing Rules.

The Restructuring Proposal may or may not proceed. Trading of FGL Shares on the Stock Exchange has been suspended since 16 February 2001. FGL is in the third stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules as announced on 22 July 2002 by the Stock Exchange. If FGL does not submit a valid resumption proposal by 20 January 2003, the Stock Exchange intends to cancel the listing status of FGL. In the event that the Stock Exchange cancels the listing status of FGL prior to the expiry of the exclusive period under the MOU, it is the intention of the Investors not to proceed with the Restructuring Proposal as contemplated under the MOU.

A further announcement will be made to keep investors informed of any material development regarding the Restructuring Proposal as and when appropriate.

UPDATE ON THE LITIGATION OF FGL GROUP

Reference is made to the announcements of FGL dated 23 April 2002, 3 June 2002, 4 July 2002 and 30 July 2002 in relation to the case no. HCA 1220/2002 regarding the claim by Mediterranean Shipping Company (Hong Kong) Limited against FGL and its subsidiary, Texway Industries Limited (“Texway”), for refund of tenancy deposit of HK\$607,477.00. Unless otherwise defined, capitalised terms in this announcement shall have the same meaning as contained in the said announcements.

FGL paid the sum of HK\$607,477.00 as security into the court on 3 August 2002 pending the final determination of the action HCA 1220/2002. The hearing of the First Application and the Second Application for a summary judgement against FGL and Texway in the action HCA 1220/2002 has been heard on 26 August 2002 and the summary judgement made against FGL and Texway, was received on 28 August 2002. Accordingly, the said sum of HK\$607,477.00 will be released to the plaintiff and FGL will pay the costs for the proceedings. Save for the above, FGL would not incur further liabilities in relation to the above proceedings.

Further announcement will be made by FGL if there are any material legal proceedings instituted against FGL Group.

By Order of the Board
Soundwill Holdings Limited
Leung Yeuk Kuk, Joseph
Director

By Order of the Board
Fujian Group Limited
Huang Jianguan
Chairman

By Order of the Board
Turbo Success Ventures Limited
Foo Kam Chu, Grace
Director

Hong Kong, 29 August 2002

The respective directors of the Investors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the FGL Group and TSV) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the FGL Group and TSV) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The FGL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Investors and their respective directors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Investors and their respective directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Please also refer to the published version of this announcement in the (China Daily)