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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, 25 July 2002, 29 August 2002 and 30 September 2002 issued by Soundwill Holdings Limited, Fujian Group Limited and Turbo Success Ventures Limited in relation to the MOU as supplemented by a letter dated 29 August 2002, pursuant to which 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 still 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.

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 litigations of FGL Group.

UPDATE ON RESTRUCTURING PROPOSAL

Reference is made to the joint announcements dated 3 June 2002, 25 July 2002, 29 August 2002 and 30 September 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 and the letter dated 29 August 2002, FGL has granted to the Investors and/or the Other Party the exclusive right for a further period of nine months with effect from 29 August 2002 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.

As mentioned in the joint announcements dated 25 July 2002, 29 August 2002 and 30 September 2002, the Investors have submitted a debt restructuring proposal to the major financial creditors of FGL on 4 June 2002 and are still 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. At this stage, the FGL Directors are still unable to estimate when the terms of the debt restructuring proposal could be concluded.

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, it is the intention of the Investors not to proceed with the Restructuring Proposal as contemplated under the MOU which will lapse on 29 May 2003.

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

UPDATE ON LITIGATIONS OF FGL GROUP

Reference is made to the said joint announcement dated 30 September 2002 in relation to (i) the Labour Tribunal Claim No. LBTC 8170/2002 regarding the claim from two former directors (the "Claimants") for arrears of wages and other related claims for the total sum of HK\$5,722,580.60 and (ii) the High Court Action No.3576/2002 regarding a writ of summons against the Claimants for wrongful breach of their duties owed to FGL and as a result thereof losses and damages have been suffered by the FGL Group in the sum of not less than HK\$6,500,000.

In the hearing of the Labour Tribunal Claim No. LBTC 8170/2002 on 1 November 2002, the Labour Tribunal ordered that the Labour Tribunal Claim No. LBTC 8170/2002 be consolidated with the High Court Action No.3576/2002 and transferred to the High Court in which the consolidated case will be heard. The date of further hearing in the High Court will be fixed in due course.

Meanwhile, the defendants in the High Court Action No.3576/2002 have filed their defence on 15 October 2002 and FGL has filed its reply on 29 October 2002.

Further announcement will be made by FGL as and when appropriate.

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, 1 November 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**)*