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KING PACIFIC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

Legal actions against former directors

On 27th October 2001, King Pacific International Holdings Limited (the "Company") issued 2 writs of summons (the "Writs") against 2 former directors respectively under High Court Action No.4652 of 2001 and High Court Action No. 4646 of 2001.

The Writs were issued after the new board of directors* (the "New Board") had identified during its review of the Company's previous investment projects for the past 10 years some losses and damages suffered by the Company.

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The Writs were issued after the new board of directors* (the "New Board") had identified during its review of the Company's previous investment projects for the past 10 years some losses and damages suffered by the Company. The New Board has noted, inter alia, that:

- i. the Company suffers losses and damages in an investment project, namely a joint venture, which the Company interested in 70% of its share capital, entered into by the Company's wholly owned subsidiary, China City Development Limited in 1992 for the joint development, construction, operation and management of a building complex located in Beijing World Park (北京世界公園) known as "International Street (國際街)" (the "Project"); and
- ii. the Company has become liable to pay the Shenzhen Branch of Industrial and Commercial Bank of China ("ICBC") a sum of US\$3 million under a deed of guarantee dated 12th January 1998 (the "Guarantee") for the continuing indebtedness, which as at 17th January 2001 at US\$8,718,702.00, of a former director's company.

High Court Action No. 4652 of 2001

Particulars of the claim:

The Company's claims is for, among others, an amount of all monies unduly and/or unlawfully misappropriated by a former director ("Former Director A") in the currency exchange of Hong Kong dollars into Reminbi in about 1992 or 1993 being the requisite amount of the registered capital of HK\$26,207,310.46 contributed by the Company in the Project, and for consequential damages (in relation but not limited to that the object and purpose of the Project has failed and it could not be occupied or used) which has not yet assessed arising out of his misappropriation and/or his negligence when the Project was conducted or managed by Former Director A from about 1992 to his cessation of being a director of the Company in February 2001.

Claim amount: To be assessed.

High Court Action No. 4646 of 2001

Particulars of the claim:

To secure the indebtedness to ICBC by a company of a former director ("Former Director B"), the Company and Former Director B became co-guarantors under the Guarantee for a maximum liability of US\$3 million in case of the default of the Former Director B's company. Through financial arrangement between the Company, Former Director B and his company, the latter advanced a sum of about US\$2 million to the Company. Subsequently, Former Director B's company has been in default since about 21st November 2000. The Company's claim is therefore for the difference between the guaranteed amount and the actual advancement.

Claim amount: Approximately US\$1 million

SUSPENSION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 10:00 a.m. on 6th November 2000 and will continue to be suspended until further clarification has been satisfactory made to the Stock Exchange on the latest financial and operational positions of the Group.

* Composition of the New Board:

Executive Directors:

Mr. He Jianguo (<i>Chairman</i>)	appointed 6 September 2001
Ms. Leung Suk Ching, Angela (<i>Vice Chairman</i>)	appointed 26 October 2001
Mr. Frederick Chen Vee Yong (<i>Managing Director</i>)	appointed 17 February 2000
Ms. Venus Fong Yuk Lan	appointed 27 July 2001
Ms. Zhang Hongyan	appointed 6 September 2001

Independent Non-executive Directors:

Mr. David Ip Man Tin	appointed 6 September 2001
Mr. Gao Zong Ze	appointed 27 July 2001

By the order of the Board of
King Pacific International Holdings Limited
Frederick Vee Yong Chen
Managing Director