

KING PACIFIC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

1.	Voting results of the Annual General Meeting and the Special General Meeting The Company would like to inform the shareholders of the Company the voting results at the Annual General Meeting and the Special General Meeting of the Company held at Regent Garden Hotel, Shenzhen, PRC on 3 January 2002. The voting results are set out below.
2.	The result of arbitration on the ownership of 90% equity interests in Wuhan Ocean Essence Water Factory Company Limited The Company was informed by the PRC legal advisor on 7 January 2002 of the unfavourable result of the arbitration on the ownership of 90% equity interests in Wuhan Ocean Essence Water Factory Company Limited dated 14 December 2001. The summary of the arbitration result, the appropriate legal actions to be taken by the Company against relevant parties, and the effect on the Company's assets are set out below for shareholders' references.
3.	The investment of the Company in Beijing Card Project The Asset Management Committee of the Company has investigated the investment in Beijing Card Project and suggests that the Beijing Card Project is disputable. The Company is seeking legal advices in this matter.
4.	The HK\$15 million deposit for the fitting out of Minzu Hotel in Guangzhou The Company intends to take legal action against Glory Decoration & Engineering Company for breaching the fitting out contract of Minzu Hotel in Guangzhou. The Company is seeking legal advices on the nature and amount of claims.
5.	The arbitration between Hong Kong Housing Society and Yiu Wing Construction Co. Ltd. Hong Kong Housing Society has amended the points of claim against Yiu Wing Construction Co. Ltd. to a total sum exceeding HK\$850 million.
6.	The investment in Beijing World Park International Street Co. Ltd. Further to the announcement dated 7 November 2001 regarding a writ of summons issued by the Company to Mr. Cheung Yiu Wing, a former chairman of the Company, for claims of damages arising out from his misappropriation in the investment in Beijing World Park International Street Co. Ltd., the Asset Management Committee of the Company had examined the relevant documents and the conclusion is set out below.

1.	Voting results of the Annual General Meeting and the Special General Meeting The Company would like to inform the shareholders of the Company (the "Shareholder") the voting results at the Annual General Meeting (the "AGM") and the Special General Meeting (the "SGM") of the Company held at Regent Garden Hotel, Shenzhen, PRC on 3 January 2002. The voting results are set out below. The AGM The following ordinary resolutions were proposed for voting: <ol style="list-style-type: none">To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2001. The resolution was voted and was not passed.<ol style="list-style-type: none">To re-elect Leung Suk Ching Angela ("Miss Leung") as director. There was no need to put the resolution for voting. Miss Leung was deemed to be re-elected.To re-elect Fong Yuk Lan ("Miss Fong") as director. There was no need to put the resolution for voting. Miss Fong was deemed to be re-elected.To re-elect Zhang Hong Yan ("Miss Zhang") as director. There was no need to put the resolution for voting. Miss Zhang was deemed to be re-elected.To re-elect Ip Man Tin David ("Mr. Ip") as director. There was no need to put the resolution for voting. Mr. Ip was deemed to be re-elected.To re-elect Lai Wai Chung ("Dr. Lai") as director. There was no need to put the resolution for voting. Dr. Lai was deemed to be re-elected.To fix the fees of the Directors. The resolution was not put to the meeting. The fees of the Directors were not fixed at the AGM.To re-appoint Messrs. Ernst & Young Auditors and to authorize the Directors to fix their remuneration. The resolution was voted and was not passed. On 24 December 2001, the Company received 5 separate letters from a Mak Chun Po ("Mak") dated 22 December 2001 purportedly nominating 5 individuals for election as directors (the "Nominations"). Accompanying the said letters of Mak were 5 letters apparently signed by the said 5 individuals confirming their willingness to be elected as directors of the Company. The said letters did not contain any return address or means whereby the Company could contact Mak. According to the list of Shareholders as at 28 December 2001, the book close date for the AGM, provided by the Company's branch registrar, Tengis Limited, Mak is not a registered shareholder. Mak has not tendered any evidence to the Company to show that Mak is a registered Shareholder. We are advised by our legal advisor that: <ol style="list-style-type: none">the Nominations are invalid according to the bye-laws of the Company ("Bye-laws") and the general company law.bye-law 100 of the Bye-laws provides: "if at any general meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled, the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled, unless:- <ol style="list-style-type: none">it shall be determined at such meeting to reduce the number of Directors; orit is expressly resolved at such meeting not to fill up such vacated offices; orin any such case the resolution for re-election of a Director is put to the meeting and lost; orsuch Director has given notice in writing to the company that he is not willing to be re-elected."The aforesaid 5 retiring directors could be deemed to have been re-elected and could continue in office according to bye-law 100 and other relevant bye-laws. The Company has received a complaint letter dated 18 January 2002 from Mr. Cheung Yiu Wing's solicitor disputing about the re-election of directors at the AGM and the composition of the board of directors of the Company and demanded the Company to take all appropriate and legal steps, including but not limited to convene a special general meeting to rectify the aforesaid situation. The Company wishes to state that the AGM and SGM were conducted in compliance with the bye-laws of the Company and general company law applicable. The Company is seeking legal advice in this matter and further announcement will be made upon new development of this matter. The SGM The following ordinary resolutions were proposed for voting: <ol style="list-style-type: none">To grant a general mandate to the directors to repurchase shares of the Company ("Shares") no exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the resolution.To grant a general mandate to the directors to allot, issue and otherwise deal with Shares not exceeding 20% of the share capital of the Company in issue as at the date of passing the resolution.To extend the general mandate given in the ordinary resolution no. 2 by adding thereto the Shares repurchased pursuant to the ordinary resolution no. 1. All three resolutions were not put to the meeting for voting due to no Shareholder second the motions. For those resolutions which have not been passed at the AGM and SGM, the Company is seeking legal advices on what possible effects on the Company may arise from such voting results. Further announcement will be made on this matter.
2.	The result of arbitration on the ownership of 90% equity interests in Wuhan Ocean Essence Water Factory Company Limited (the "Water Factory") Further to the announcement dated 11 January 2001 in relation to the existence and ownership of the Water Factory, the Company received from China Law Office, the legal representative of the Company in PRC, on 7 January 2002 the unfavourable result of the arbitration on the ownership of 90% equity interests in the Water Factory (the "Water Factory Arbitration") dated 14 December 2001, which China Law Office, according to their record, received from CIETAC on 24 December 2001 and due to the holidays and leaves of the responsible solicitor, the Company was notified to pick up the result on 3 January 2002, which the representative of the Company has picked up on 7 January 2002. The Water Factory Arbitration applied by Ocean Essence Holdings Limited ("Ocean Essence"), a wholly owned subsidiary of the Company, was rejected by the China International Economic and Trade Arbitration Committee ("CIETAC") based on the following points: <ol style="list-style-type: none">Although the Company, through Premium High Investments Limited ("Premium High"), a wholly owned subsidiary of the Company, acquired the entire issued share capital of Ocean Essence by issuing 207,692,308 shares of the Company to China Fortune Limited as consideration does not necessarily mean the Company or Premium High own 90% equity interest in the Water Factory because Ocean Essence was unable to provide a valid proof of capital payment for the Water Factory to CIETAC.The original legal representative and shareholders of Ocean Essence, namely Lang Jing and Lai Man Yuk, and the former chairman of the Water Factory might have conducted fraudulent activities that caused damages to the Company or Premium High; however, such argument is not within the jurisdiction of the Water Factory Arbitration. The result of the Water Factory Arbitration is discouraging and has adverse effect on the asset position of the Company. The Company has already met with professional advisors to discuss the provision for the cost of investment in the Water Factory to be made. The Company is seeking legal advices on claims against relevant parties, including former board of directors of the Company, related to the acquisition of the Water Factory.
3.	The investment of the Company in Beijing Card Project Further to the announcement dated 11 January 2001 in relation to a joint venture project in PRC to manufacture licensed materials involving technology and know-how, i.e. the Beijing Card Project, the Asset Management Committee of the Company has investigated the investment in Beijing Card Project and suggests that the Beijing Card Project is disputable. The Company is seeking legal advices in this matter. If there is evidence shows that the US\$8.4 million investment in Beijing Card Project involve fraudulent activities, the directors of the Company will take appropriate legal actions against relevant parties; however, the shareholders of the Company are advised that such findings may lead to making provision for the cost of the investment in Beijing Card Factory and will adversely affect the asset position of the Company.
4.	The HK\$15 million deposit for the fitting out of Guangzhou Minzu Guest Hotel ("Minzu") Further to the announcement dated 9 May 2001 in relation to the cancellation of the disposal of Minzu, the Company intends to take legal action against Glory Decoration & Engineering Company, the contractor, for breaching the fitting out contract of Minzu. The Company is seeking legal advices on the nature and amount of claims.
5.	The arbitration between Hong Kong Housing Society and Yiu Wing Construction Co. Ltd. ("Yiu Wing Construction") in relation to Sanwich Class Housing Development at Tseung Kwan O, Area 24 (the "Construction Arbitration") Further to the information published in the Annual Report of the Company for 2000-2001 regarding the fundamental uncertainty relating to the eventual outcome of a claim against Yiu Wing Construction, Hong Kong Housing Society has amended the points of claim of the Construction Arbitration against Yiu Wing Construction, a 99.9% subsidiary of the Company, from about HK\$290 million to a total sum exceeding HK\$850 million. In connection with the said claim, on 8 November 2000, a writ was filed against the Company and Yiu Wing Construction (the "Defendants") to call for the Defendants to provide security to an insurer for potential performance related bond payments of HK\$65.6 million under an indemnity provided by the Defendants. Both Yiu Wing Construction and the Company are seeking professional advices on the Construction Arbitration. The shareholders of the Company are advised that the outcome of the Construction Arbitration may adversely affect the financial position of the Company and its subsidiaries.
6.	The investment in Beijing World Park International Street Co. Ltd. ("International Street") Further to the announcement dated 7 November 2001 regarding a writ of summons issued by the Company to Mr. Cheung Yiu Wing, a former chairman of the Company, for claims of damages arising out from his misappropriation in the investment in International Street of Beijing World Park, the Asset Management Committee of the Company had examined the relevant documents and the conclusion is set out below. <ol style="list-style-type: none">International Street is a project not registered with the Chinese Government; therefore, it is illegal.The total investment of the Company in International Street was booked at the amount not less than HK\$25 million, of which not less than HK\$18 million was not paid to International Street project but to three parties of unknown relationship with International Street.According to the official certification and report on investment of foreign capital for International Street, the Company had only invested about HK\$7 million. The Company has provided the above evidences to our legal advisor to take appropriate legal actions. The shareholders of the Company are advised such finding will not affect the asset position of the Company since full provision had been made to the investment on International Street in the year ended 31 March 1999.

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

Hong Kong, 23 January 2002