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# **KING PACIFIC INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to a notice published by Mr. Cheung Yiu Wing, a former director of King Pacific International Holdings Limited, on certain newspapers dated 20 December 2001 calling for a meeting for the shareholders of the Company on 21 December 2001.

The Company would like to clarify that Mr. Cheung does not represent the Company, its directors and chief executives. The Company has publicly notified the Shareholders that the Annual General Meeting of the Company to receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2001 will be held at Regent Garden Hotel, No. 473 Shajing Section, Guangshen Express, Shenzhen, China on Thursday, 3 January 2002 at 10:00 a.m. In order to truly express their opinions to the Directors, the Shareholders and their proxies may attend the AGM.

Reference is made to a notice published by Mr. Cheung Yiu Wing ("Mr. Cheung"), a former director of King Pacific International Holdings Limited (the "Company"), on certain newspapers dated 20 December 2001 calling for a meeting for the shareholders of the Company (the "Shareholders") on 21 December 2001.

The Company would like to clarify that Mr. Cheung does not represent the Company, its directors (the "Directors") and chief executives. The Company has publicly notified the Shareholders that the Annual General Meeting of the Company to receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2001 will be held at Regent Garden Hotel, No. 473 Shajing Section, Guangshen Express, Shenzhen, China on Thursday, 3 January 2002 at 10:00 a.m. ("AGM"). In order to truly express their opinions to the Directors, the Shareholders and their proxies may attend the AGM. The Company has scheduled a free half-day scenic tour for the Shareholders after the AGM to repay their support and patience.

The Directors wish to apologize to the Shareholders for the fact that the Shareholders have not receive any return from their investments in the Company's shares for the past few years consequent upon the dispute between the two former chairmen of the Company. As stated in the Chairman's Statement in the Annual Report 2000-01, the said dispute have severely impeded the business activities of the Company.

As announced by the Company on 7 November 2001, the Company has issued 2 writs of summons (the "Writs") against 2 former chairmen respectively under High Court Action No.4652 of 2001 and High Court Action No. 4646 of 2001. The Writs were issued after the Directors had identified in their review of the Company's previous investment projects some losses and damages suffered by the Company. The Directors have noted, inter alia, that:

- i. the Company suffers loss and damages in an investment project in Beijing known as "International Street (國際街)"; and
- ii. the Company has become liable to pay the Shenzhen Branch of Industrial and Commercial Bank of China a sum of US\$3 million under a guarantee dated 12th January 1998 for the indebtedness of a former director's company.

The Directors encourage the Shareholders to attend the AGM in person otherwise appoint a proxy who will only act for the Shareholders' interest.

### **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.

By the order of the Board of  
**King Pacific International Holdings Limited**  
**Leung Suk Ching, Angela**  
*Vice Chairperson*