

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## FAIRYOUNG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

### ANNOUNCEMENT

This announcement is made at the request of The Stock Exchange of Hong Kong Limited.

In view of the criminal charges laid by the Hong Kong Police against Mr. Chan Boon Ning, John ("Mr. John Chan"), Chairman of Fairyoung Holdings Limited (the "Company"), today in relation to certain offences allegedly committed by Mr. John Chan against a wholly owned subsidiary of Pacific Ports Company Limited ("Pacific Ports"), an attributable 31.18% associated company of the Company, and cashflow problems now encountered by the Company as a result of the demand, following the arrest of Mr. John Chan, by bank for immediate payment of loan amounting to approximately HK\$4,900,000 before the scheduled maturity date, the board of directors (the "Board") of the Company have resolved, inter alia, the following at a meeting of the Board held today:-

1. Mr. John Chan was requested to take no part in the management, business and affairs of the Company and its subsidiaries until such time as the Board is satisfied that he has not been party to any wrongdoing against the Company and Pacific Ports;
2. Messrs. Tsao Ke Wen, Calvin and Yuen Chi Kong have been appointed executive directors of the Company with effect from 4th March, 1998;
3. an independent committee ("the Committee") comprising Messrs. Cheung Nga Dak, Cary, Tsao Ke Wen, Calvin and Yuen Chi Kong have been appointed to review the management and financial position of the Company and its subsidiaries and to which the Board has delegated all of its power, authorities and discretions to deal with its management, business and affairs;
4. an independent reporting accountant be appointed by the Committee to review the financial position of the Company and its subsidiaries and to report thereon as soon as possible; and
5. Messrs. Yeh Hwa Kuo, Stephen and Lai Hing Chiu, Dominic resigned as independent non-executive directors of the Company with effect from 3rd March, 1998 and 4th March, 1998 respectively.

The Board is presently unable to formulate any plan to resolve the cashflow problems of the Company until the independent reporting accountant has completed the financial review of the Company as aforesaid. The Company has also applied to The Stock Exchange of Hong Kong Limited for suspension of trading in the securities of the Company with effect from 10:00 a.m. on Thursday, 5th March, 1998 pending further announcement. The management will take steps to ensure that the continuing business activities of the Company are not, so far as possible, prejudiced by the matters dealt with in this announcement. Further information will be provided to the shareholders of the Company as and when appropriate.

By Order of the Board  
Cheung Nga Dak, Cary  
Director

Hong Kong, 4th March, 1998.