

# KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT

### Summary

This announcement contains updated information on Kwong Hing International Holdings (Bermuda) Limited (the "Company") further to the announcement dated 17th April 1998.

Trading of the Company's shares (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended since 2:30 p.m. on 16th April, 1998 owing to the sharp increase in the price and trading volumes. The Securities and Futures Commission (the "SFC") has been conducting enquiries and investigation thereafter.

As provided by the SFC, the trading of the Shares was concentrated in the hands of seven traders since 2nd March 1998, and the shareholding of six of these seven traders amounted to 28.87% since 16th April, 1998, while the remaining balance held by other minority shareholders is about 12.8% since 16th April, 1998.

The Board confirms none of these traders is a connected person as defined under Rule 8.24 of the Listing Rules.

Rayten Limited which holds approximately 58.3% of the Shares also confirms to the Board that no shares held by it has been pledged.

The Board will request for the resumption of trading of the Shares on the Stock Exchange from 10:00 a.m. on 26th October, 1998. Shareholders of the Company and potential investors should exercise extreme caution when dealing in the Shares.

### Background information

Further to the announcement made by the Board of the Company regarding the suspension of the trading of the Shares since 2:30 p.m. on 16th April 1998 owing to the sharp increase in the price and trading volumes of the Shares. The Board wishes to state that the Board is not aware of any reasons for such increase. The Securities and Futures Commission has been conducting enquiries and investigation into the above facts thereafter.

### Warning

Before anyone trades in the Share, they should take into account the following information provided to the Company by the SFC on 22nd October, 1998.

- From 2nd March to 16th April 1998, the public float of the Shares appeared to SFC to be concentrated in hands of seven traders who the SFC believes are both connected with each other and acted in unison and whose dealings in the Shares dominated overall trading in the Shares during the period. The SFC suspects that their activities caused the share price to rise and to close at 1.15 on 15th April, 1998 and \$0.74 before suspension on 16th April 1998 (i.e. effectively \$1.48 before adjusting to taking account of the Company's 1 for 1 bonus issue) especially as they dominated the public float.
- The SFC believes that shareholdings in the Company still in hands of six of these seven traders amount to about 28.87% of the issued shares of the Company.
- Although trading will recommence, investors should trade in the Shares cautiously. Investors should also take into account the SFC's belief that public float may be dominated or cornered by those traders and that the share price may be affected by actions taken by those traders. Accordingly, investors should exercise extreme caution in dealing in the Shares.
- The SFC and the Stock Exchange will continue to monitor the share price and volume movements of the Shares. If it appears that the situation arises again where there is not a fair and orderly markets in the Shares and that suspension of trading in the Shares is in the interest of the investing public and in the public interest and appropriate for the protection of investors of the Shares.

### Financial Position

The Board also wishes to draw the attention of the shareholders of the Company and potential investors that based on the information set out in the Company's annual report of 1997/1998 announced on 25th October 1997 and after the adjustment of bonus issue on 1st May 1998, the turnover, the net profit after tax and the earnings per share ("adjusted EPS") of the Company and its subsidiaries for the year ended 31st

March, 1998 were approximately HK\$400,748,000, HK\$20,903,000 and 2.12 HK cents respectively. The shareholders' equity, the net asset value per share, and the ratio of the total debts to shareholders' equity as at 31st March, 1998 were approximately HK\$183,317,000, 16.97 HK cents and 27.8% respectively. The price-earning ratio calculated based on the last price before suspension of 74 HK cents and the adjusted EPS of 2.12 HK cents was approximately 34.9. The Board also wishes to remind the investors to compare these financial information and ratios with the market average, industry average, and those of similar listed companies on the trading of the Shares.

### Directors, Chief Executive and substantial shareholder's interest in the Company and Public Float

The Board confirms that the controlling shareholder, Rayten Limited ("Rayten"), has held 58.3% of the Share since 9th October 1997 after the placement of the Shares of 30,000,000 shares which was announced on 25th September, 1997, and there has been no dealing thereafter. Rayten is owned by Mr. Li Man Shing by 27%, Ms Li Mei Lin by 25%, Mr. Li Man Tak by 24% and Mr. Li Man Shun by 24%, each of them is a director of the Company. Rayten confirmed to the Board that no shares have been pledged. The Board also confirms that there is no any other shareholders held more than 10% of the Shares, and that the Company is able to satisfy the public float requirement set out in Rule 8.08 of the Listing Rules.

As informed by the SFC, there are six traders who hold 28.87% of the Shares leaving about 12.8% of the Shares being held by other minority shareholders.

### Resumption of trading

The Board will request for the resumption of trading of the Shares on the Stock Exchange from 10:00 a.m. on 26th October, 1998. Shareholders of the Company and potential investors should exercise extreme caution when dealing in the Shares.

By Order of the Board  
Kwong Hing International Holdings (Bermuda) Limited  
Li Mei Lin  
Deputy Chairman

Hong Kong, 26th October, 1998

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement (other than those of SFC) has 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.