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TAI FOOK SECURITIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT AN INCIDENT OF SUSPECTED FRAUDULENT ACTS COMMITTED BY AN EMPLOYEE

The Board would like to report an incident of suspected fraudulent acts involving clients' assets committed by an employee of TFS, an indirect wholly-owned subsidiary of the Company.

The board of the directors (the "Board") of Tai Fook Securities Group Limited (the "Company") would like to report that Tai Fook Securities Company Limited ("TFS"), an indirect wholly-owned subsidiary of the Company, has discovered in mid of March an incident (the "Incident") of suspected fraudulent acts involving clients' assets committed by one of its employees. The Incident was reported to the police on 25 March 2003 for further investigation. The Incident was also reported to the Securities and Futures Commission on 25 March 2003.

Based on the preliminary review, the Board considers that the potential loss resulting from the Incident will not have a material adverse impact on the financial position of the Company. As we have reported the Incident to the police for further investigation, the Board considers that it is not appropriate to disclose the preliminary estimated loss at the moment. A separate announcement in relation to the further development of the Incident and the actual loss resulting from the Incident will be made as soon as practicable after such loss can be ascertained.

TFS has since then further strengthened its internal control systems in particular on issuance of third party cheques so as to protect its assets and those of its clients. TFS will make good all the losses to the affected clients. Such cost will be borne by TFS initially, but TFS will exercise its right to seek compensation to the extent covered by the Brokers' Fidelity Insurance Policy.

Save as disclosed above, the Board is not aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

By Order of the Board
Wong Shiu Hoi, Peter
Managing Director

Hong Kong, 26 March 2003

Please also refer to the published version of this announcement in The Standard.