



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

The Stock Exchange of Hong Kong Limited
(a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the “Exchange”)

ANNOUNCEMENT

In relation to the matter of 401 Holdings Limited
(Stock Code 401)

Proceeding to the third stage of the delisting procedures
as stipulated under Practice Note 17 to the
Rules Governing the Listing of Securities on
The Stock Exchange of Hong Kong Limited (the “Listing Rules”)

The Exchange announces that effective from the date of this announcement, the Company will be put into the third stage of the Delisting Procedures.

Pursuant to the Delisting Procedures, the Company will be given a final six months for the submission of a valid resumption proposal to the Exchange. If the Company does not put forward a valid resumption proposal by 18 November, 2004, being six months from the date of this announcement, the Exchange intends to cancel the listing of the Company.

The Exchange announces that effective from the date of this announcement, 401 Holdings Limited (the “Company”) will be placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules (“Delisting Procedures”). Practice Note 17 formalises the procedures to be adopted in dealing with long suspended companies.

Dealing in the shares of the Company has been suspended since 28 March 2003. At the end of the second stage of the Delisting Procedures, the Company has not submitted any valid resumption proposal. A valid resumption proposal means a proposal that, if it were implemented, would enable the Company to demonstrate that it complies with Rule 13.24 of the Listing Rules. Under Rule 13.24, the Company is required to carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Exchange to warrant the continued listing of the Company's shares on the Exchange.

In view of the absence of any valid resumption proposal and the Company's continued failure to demonstrate its compliance with the requirements stipulated under Rule 13.24 of the Listing Rules, the Company will now be placed in the third stage of the Delisting Procedures. The Company will have a final six months for the submission of a valid resumption proposal. If the Company does not submit a valid resumption proposal by 18 November, 2004, the Exchange intends to cancel the listing of the Company.

The Exchange will make a further announcement in due course if the delisting takes place.

Hong Kong, 19 May, 2004

Please also refer to the published version of this announcement in South China Morning Post.