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## **401 HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Provisional Liquidators Appointed)**

(Stock Code: 0401)

- (1) Further adjournment of the hearing of the winding-up petition**
- (2) Delay in publication of the annual results and dispatch of annual report for the year ended 31 March 2004**
- (3) Resignation of a director and**
- (4) Requirements of Rules 3.10, 3.21 and 3.24 of the Listing Rules**

The hearing of the winding up petition has been adjourned from 6 October 2004 to 10 January 2005.

The publication of the annual results and dispatch of the annual report for the year ended 31 March 2004 has been delayed. As the Provisional Liquidators were only appointed to the Company on 3 August 2004, no definite timetable for the publication of the accounts can be determined at this stage. The Provisional Liquidators are currently liaising with the auditors with a view to completing the audit and publishing the audited accounts as soon as practicable. Further announcements in this regard will be made as and when appropriate. The delay in publication of the annual results and dispatch of annual report constitute a breach of Rules 13.49(1) and 13.46(1) of the Listing Rules and the Stock Exchange reserves the right to take actions against the Company and its directors.

Mr. Lau Cheuk Hung, Terence, resigned as an executive director of the Company with effect from 5 October 2004.

In light of the appointment of the Provisional Liquidators, the requirements under Rules 3.10, 3.21 and 3.24 of the Listing Rules cannot be strictly complied with. Further announcements will be made by the Company upon fulfillment of the requirements under these rules.

Trading in the shares of the Company was suspended at the request of the Company with effect from 28 March 2003 and will remain suspended until further notice.

**(1) Further adjournment of the hearing of the winding-up petition**

Further to the Company's announcement dated 20 August 2004, the hearing of the winding up petition against the Company has been further adjourned from 6 October 2004 to 10 January 2005 to allow more time for the Provisional Liquidators to implement a restructuring of the Company, if any.

**(2) Delay in publication of the annual results and dispatch of the annual report for the year ended 31 March 2004**

Under Rules 13.49 (1) and 13.46 (1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company is required to publish its annual results and dispatch its annual report for the year ended 31 March 2004 on or before 31 July 2004. As the Provisional Liquidators were only appointed to the Company on 3 August 2004, no definite timetable for the publication of the accounts can be determined at this stage. Since their appointment, the Provisional Liquidators have been liaising with the auditors with a view to completing the audit and publishing the audited accounts for the year ended 31 March 2004 as soon as practicable. Further announcement in this regard will be made as and when appropriate. The delay in publication of the annual results and dispatch of annual report constitute a breach of Rules 13.49(1) and 13.46(1) of the Listing Rules and the Stock Exchange reserves the right to take actions against the Company and its directors.

**(3) Resignation of a director**

Mr. Lau Cheuk Hung, Terence has resigned as an executive director of the Company with effect from 5 October 2004 due to personal reason. Mr. Lau confirmed that there is no disagreement with the board of directors of the Company and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

**(4) Requirements of Rules 3.10, 3.21 and 3.24 of the Listing Rules**

Pursuant to Rule 3.10 of the Listing Rules, the Company is required to have at least three independent non-executive directors on board. Rule 3.21 of the Listing Rules also requires the listed issuer to establish an audit committee comprising a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise and the majority of the audit committee members must be independent non-executive directors. Moreover, the Company is required under Rule 3.24 of the Listing Rules to appoint a qualified accountant to oversee the Company and its subsidiaries in connection with its financial reporting procedures and internal controls and compliance with the requirements under the Listing Rules with regard to financial reporting and other accounting-related issues. In light of the appointment of the Provisional Liquidators, the requirements under Rules 3.10, 3.21 and 3.24 of the Listing Rules cannot be strictly complied with. Further announcements will be made by the Company upon fulfillment of the requirements under these rules.

Trading in the shares of the Company was suspended at the request of the Company with effect from 28 March 2003 and will remain suspended until further notice.

As at the date of the announcement, the directors of the Company are Mr. Wong Chong Kwong, Derek, Mr. Po Kam Hi, John, Mr. Au-Yeung Yok Cho and Mr. Wu Chi Lok. Pursuant to the order by the Hong Kong court, the Provisional Liquidators were appointed to the Company and the powers of the Board has been suspended since then, but Mr. Wu Chi Lok has since become an executive director of an operating subsidiary of the Company.

For and on behalf of  
**401 Holdings Limited**  
**(Provisional Liquidators Appointed)**  
**Cosimo Borrelli**  
**Fan Wai Kuen**  
*Joint and Several Provisional Liquidators*

Hong Kong, 15 October 2004

Please also refer to the published version of this announcement in the China Daily.