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## FAIRYOUNG HOLDINGS LIMITED

( 惠揚控股集團有限公司 )

(Incorporated in Bermuda with limited liability)

### Resumption of duties by Mr. Chan Boon Ning, John

The Directors of Fairyoung Holdings Limited (the "Company"), including all the independent non-executive directors, are pleased to announce that the charges against Mr. Chan Boon Ning, John ("Mr. Chan") on 18 June 1998 were withdrawn. Mr. Chan was released from all conditions of police bail on 24 August 1998. However, as explained below, the Police investigations against Mr. Chan are still continuing.

In the circumstances, the Directors decided on 5 November 1998 that, since the reasons for Mr. Chan's decision to refrain from active duties of Fairyoung no longer persisted, Mr. Chan should be invited to resume duties as Chairman and director of the Company with effect from 7 November 1998.

The Directors have noted that there are two civil suits pending against Mr. Chan. These suits involve claims by Fairyoung Port Investments Limited ("FPIL") for HK\$81 million for which Mr. Chan was charged as mentioned above and for HK\$34 million of which was allegedly applied between 22 January 1998 and 27 February 1998 for purchasing shares of the Company through Both Win Limited ("Both Win") without authorization. FPIL and Both Win are wholly-owned subsidiaries of Pacific Ports Company Limited which was held as to 43.71% by the Company prior to the Company's disposal on 20 May 1998. The Directors have been made aware by The Stock Exchange of Hong Kong Limited that, as informed by the Police via Securities & Futures Commission, the investigations against Mr. Chan are still continuing. Despite such disclosure, the Board consider it appropriate for Mr. Chan to resume his duties. The Directors noted that the Police investigations have been continuing since his arrest in March of this year.

In view of the above, and given that Mr. Chan has already undertaken to the Company to the effect that should he be formally charged by the Police at any subsequent time, he will refrain from active duties as Chairman and director of the Company.

The Directors are of the firm view that in the present difficult economic climate, it will be in the best interests of the Company and its shareholders to have Mr. Chan's resumed duties immediately. The Directors would like to take this opportunity to welcome Mr. Chan back to the Board of the Company.

By Order of the Board  
Tsao Ke Wen, Calvin  
Director

Hong Kong, 7 November 1998