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ANNOUNCEMENT

This announcement is made in respect of the concentration in the holding of the KITHHOLDW0406 Warrants of the Company in the hands of a limited number of warrant holders as at 19th August, 2002

The Board of the Company has also noted the increase in price of the Warrants during the period from 1st August, 2002 to 20th August, 2002. The Company was informed by the SFC that an enquiry has been commenced into such activities. The Company wishes to state that save as disclosed herein, the Board is not aware of any reasons for such increase.

Warrant holders of and potential investors in the Company should exercise extreme caution when dealing in the Warrants of the Company.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The board of directors (the “Board”) of the Kith Holdings Limited (the “Company”) has recently been informed by the Stock Exchange that on the basis of information provided by the Securities and Futures Commission (the “SFC”), as at 19th August, 2002, an aggregate of around 51,736,000 units of the KITHHOLDW0406 Warrants (the “Warrants”) of the Company were being held by five overseas funds (representing 97.25% of the total issued units of warrants of the Company). Among the five overseas funds, three of them are under the management of the same fund management group. Therefore, excluding the Warrants held by the above-mentioned five warrant holders, the Warrants held by the other investors are estimated to be less than 3% of the Company’s total issued units of Warrants as at 19th August, 2002.

As at 19th August, 2002, the following interests in the Warrants of the Company were recorded:

	Units of Warrants held <i>(Units)</i>	% of total issued units of Warrants <i>(%)</i>
Five overseas funds	51,736,000	97.25
Other public investors	<u>1,463,600</u>	<u>2.75</u>
Total	<u><u>53,199,600</u></u>	<u><u>100.00</u></u>

Accufit Investments Inc., a company indirectly wholly-owned by a discretionary trust, the beneficiaries of which are the family members of Mr. Hui King Chun, Andrew being the chairman and executive director of the Company and the only substantial shareholders of the Company (accordingly to the register maintained by the Company pursuant to the Securities (Disclosure of Interests) Ordinance), have confirmed to the Board that there has been no change to the shareholding of the substantial shareholder of the Company since 19th August, 2002 to the date of this announcement. Having made enquiries of the directors and the substantial shareholder of the Company regarding the interests of the Company's connected persons in the Warrants of the Company as at the close of business on 19th August, 2002 to the date of this announcement, each of the directors and the substantial shareholder of the Company has confirmed that he has no interest, whether held directly by himself or through HKSCC Nominees Ltd., in the Warrants of the Company.

The Company was also informed by the SFC that the price of the Warrants rose 1080% from HK\$0.25 on 24th September, 2001 to HK\$2.95 on 20th August, 2002 while the underlying shares only rose by 37.4% from HK\$1.82 to HK\$2.50. Considering that holders of the Warrants have to pay HK\$2.20 as subscription price upon the exercise of their rights under the Warrants, the price of the Warrants is unreasonably high and not justify by any standard. The Company has been informed that the SFC has conducted an enquiry into dealing in the Warrants.

The Warrants carry the right to subscribe for shares of the Company up to the aggregate amount of HK\$117,040,000 at the initial subscription price of HK\$2.20 (subject to adjustment) at any time up to and including 30th June, 2004 and were issued by the Company on 11th July, 2001. The new shares of the Company falling to be issued upon full exercise of the subscription rights attaching to the Warrants represent approximately 20% of the existing issued share capital of 266,000,000 shares and approximately 16.67% of the issued share capital of the Company as enlarged by the new shares.

Although as at 19th August, 2002 to the date of this announcement, sufficient shares of the Company were held by the public in compliance with Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange, yet given that the concentration in the holding of the Warrants of the Company in the hands of a limited number of warrant holders on that day, the Company hereby makes this announcement to keep the market promptly informed.

The Board has also noted the increase in price of the Warrants of the Company during the period from 1st August, 2002 to 20th August, 2002. The Company was informed by the SFC that an enquiry has been commenced into such activities. The Company wishes to state that save as disclosed herein, the Board is not aware of any reasons for such increase.

The Board also confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board 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.

Warrantholders and potential investors of the Company should note the high concentration of holdings in the Warrants and the unreasonably high price of the Warrants on the basis of the price of the Warrants is higher than the price of the underlying shares from 1st August, 2002 to 20th August, 2002 and exercise extreme caution when dealing in the Warrants of the Company.

The directors of the Company jointly and severally accept responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed by them have 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.

By order of the Board

Aster Tse

Company Secretary

Hong Kong, 4th October, 2002.

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