

GOLD-FACE HOLDINGS LIMITED

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GOLD-FACE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

The Board refers to the various press articles on the Company in the last two days since the publication of the Announcement regarding, amongst others, Villa Pinada (茵翠豪庭) and Aegean (愛琴灣). The Board wishes to reiterate its commitment and responsibility to resolve the problems in relation to completion of the Villa Pinada (茵翠豪庭) and Aegean (愛琴灣) projects.

At the request of the Company, trading in the Company's shares was suspended from 9:30 a.m. on 19 May, 2003 and will remain suspended until further notice.

Reference is made to the announcement of the Company dated 21 May 2003 ("**Announcement**"). Terms defined in the Announcement shall have the same meaning in this announcement.

The Board refers to the various press articles on the Company in the last two days since the publication of the Announcement regarding, amongst others, Villa Pinada (茵翠豪庭) and Aegean (愛琴灣). The Board wishes to reiterate its commitment and responsibility to resolve the problems in relation to the completion of the Villa Pinada (茵翠豪庭) and Aegean (愛琴灣) projects. In this connection, it wishes to clarify as follows:

1. the Commercial Crime Bureau is investigating the matter and has collected some documents from the headquarters in Tsim Sha Tsui and the office in Yuen Long of the Company for further investigation but no member of the senior management of the Group has been charged by any public authority including the Commercial Crime Bureau;
2. the Company is in serious discussions with a party who is not connected with the Company or its associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) on the provision of funding to the Group for completion of the Villa Pinada (茵翠豪庭) and Aegean (愛琴灣) projects and strengthening its capital base. The Board expects to receive a proposal from the third party later this week. No binding agreement has been signed and the terms of the arrangements have not been finalized. The parties have not decided on the detailed structure of the proposal which may or may not result in any change in the controlling shareholder as a result of the funding arrangements;
3. the Board is in the process of engaging an independent and international accounting firm to provide a report on the use of sale proceeds in respect of the Villa Pinada (茵翠豪庭) and Aegean (愛琴灣) projects. The Board expects that the appointment will be made within this week once the terms are finalized and the report will be completed within two months after the engagement of the accounting firm;
4. no director has resigned from the Board apart from the ones as stated in the Announcement; and
5. save as the appointment of the Receivers as disclosed in the Announcement, no winding-up petition has been made against any member of the Group.

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27-05-2003

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Further announcement will be made on the operational and financial position of the Group or if there is any further development of the above and/or new development.

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By Order of the Board of
GOLD-FACE HOLDINGS LIMITED
Poon Chi Fai
Director

Hong Kong, 26 May, 2003

Please also refer to the published version of this announcement in The Standard dated on 27-05-2003.