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China Nan Feng Group Limited

中國南峰集團有限公司*

(incorporated in Bermuda with limited liability)

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board announced the resignation of Ms. Lee Sau Ying, Ellie on 21st August, 2003. As the Restructuring Proposal was in contemplation at the time, without the consent of the Executive, the Resignation constituted a breach of the Code. The Directors apologise for the oversight and the breach.

The board of directors (the “Board”) of China Nan Feng Group Limited (the “Company”) refers to the Company’s announcement dated 1st September, 2003 (the “Announcement”) relating to the Company’s proposed restructuring involving, among others, a capital reorganisation, a creditors’ scheme of arrangement and an open offer with whitewash waiver application (together, the “Restructuring Proposal”). Terms used in this announcement have the same meanings as defined in the Announcement.

The Board announced on 21st August, 2003 that Ms. Lee Sau Ying, Ellie resigned as an independent non-executive Director with effect from 21st August, 2003 (the “Resignation”). As the Restructuring Proposal involved the Whitewash Waiver, and the general principles of the Code apply to a transaction which is the subject of such a waiver application, the Company is required to comply with Rule 7 of the Code. Under Rule 7, once a bona-fide offer has been communicated to the board of the offeree company or the board of the offeree company has reason to believe that a bona-fide offer is imminent, except with the consent of the Executive, the directors of the offeree company or any of its subsidiaries should not resign until the first closing date of the offer, or the date when the offer becomes or is declared unconditional, whichever is the later. As the Restructuring Proposal was in contemplation by the Board at the time, the Resignation without the consent of the Executive was not compliant with Rule 7 of the Code and therefore constituted a breach of the Code by the Company (the “Breach”). The Breach was the result of an oversight by the Board in failing to remind all its members of the compliance implication of the Restructuring Proposal. Accordingly, the Directors apologise for the Breach and will henceforth comply with the Code with the utmost care and effort.

By Order of the Board
China Nan Feng Group Limited
Tao Ke Wei
Executive Director

Hong Kong, 10th September, 2003

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

* For identification purpose only

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