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PACIFIC CHALLENGE

Pacific Challenge Holdings Limited

(太平洋興業集團有限公司)*

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT

SUMMARY

This announcement is made further to the Company's announcements dated 18th February and 14th June, 2002 in relation to the latest development of the hearing of the Company's appeal.

In respect of the Petition presented by Kistefos, the hearing of the Company's appeal filed on 13th December, 2001 against the Court decision of not striking out the claim of Kistefos in requesting the Company to repurchase their Shares in the Company, as well as the cross appeal of Kistefos filed on 1st February, 2002 against, inter alia, the Court decision of striking out the claim of Kistefos in winding up the Company, have been dismissed by the Court of Appeal of Bermuda on 21st June, 2002. Accordingly, the claim by Kistefos to wind up the Company has been struck out. The claim by Kistefos for an order that the Company repurchase the shares of Kistefos remains to be tried in the Supreme Court of Bermuda. The Company has not been informed of the date of the further court hearing in this regard.

Further announcements will be made by the Company as soon as practicable when the Company receives formal written notification that a date has been fixed for a hearing in the Supreme Court of Bermuda and regarding any material developments relating to the Petition when appropriate.

Trading in the Shares was suspended from 9:30a.m. on 24th June, 2002 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:30 a.m. on 25th June, 2002.

In the meantime shareholders are urged to exercise extreme caution in dealing in the shares of the Company.

Reference is made to the announcements made by Pacific Challenge Holdings Limited (the "Company") dated 18th February and 14th June, 2002 (the "Announcements") in relation to the hearing scheduled to take place in the Court of Appeal in Bermuda commencing 17th June, 2002 (the "hearing"). Capitalized terms used in this announcement have the same meanings ascribed to them in the Announcements unless the context otherwise requires. The hearing related to the Company's appeal filed on 13th December, 2001 against the Court decision not to strike out the claim of Kistefos in requesting the Company to repurchase their shares in the Company, as well as the cross appeal of Kistefos filed on 1st February, 2002 against, inter alia, the Court decision to strike out the claim of Kistefos to wind up the Company. The board of directors has been informed by its legal advisers in Bermuda that both appeals have been dismissed by the Court of Appeal in Bermuda. Accordingly, the claim by Kistefos to wind up the Company has been struck out. The claim by Kistefos for an order that the Company repurchase the shares of Kistefos remains to be tried in the Supreme Court of Bermuda. The Company has not been informed of the date of the further court hearing in this regard.

Further announcements will be made by the Company as soon as practicable when the Company receives formal written notification that a date has been fixed for a hearing in the Supreme Court of Bermuda and regarding any material developments relating to the Petition when appropriate.

Trading in the Shares was suspended from 9:30a.m. on 24th June, 2002 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:30 a.m. on 25th June, 2002.

In the meantime shareholders are urged to exercise extreme caution in dealing in the shares of the Company.

For and on behalf of
Pacific Challenge Holdings Limited
Chan Yim Fong, Teli
Executive Director

24th June, 2002, Hong Kong

* *for identification only*

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