PACIFIC CHALLENGE

Pacific Challenge Holdings Limited

（太平洋興業集團有限公司）*

(incorporated in Bermuda with limited liability)

RESTORATION OF PUBLIC FLOAT AND PLACING OF EXISTING SHARES

The Offeror has notified the Company that on the date of this announcement, TKR Securities has, on behalf of the Offeror, placed to 17 placees, being independent of and not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as such terms are defined in the Listing Rules), an aggregate of 65,100,000 Shares at a price of HK$0.65 per Share, representing approximately 22.5% of the existing issued share capital of the Company.

Investors should be aware that the concentration of Shareholders might affect the liquidity of the Shares in the secondary market. Consequently, the Shareholders and potential investors are advised to exercise extreme caution in dealing with the Shares.

The Placing was completed on the date of this announcement.

The Offeror held approximately 75.9% of the existing issued share capital of the Company following the close of the Offers on 2 August 2002. Following the completion of the Placing, the shareholding interest of the Company being held by the Offeror has reduced to 53.4%. Kistefos Investment A.S., a substantial shareholder of the Company, owns as to 62,400,000 Shares, representing approximately 21.6% of the existing issued share capital of the Company. Accordingly, approximately 25% of the issued Shares is now held in the hands of the public.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 August 2002 at the request of the Company pending this announcement. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 August 2002.

Reference is made to the offer document dated 23 May 2002 (the "Offer Document") issued by Kandy Profits Limited ("the Offeror") and to the announcement jointly made by the Offeror and Pacific Challenge Holdings Limited ("the Company") dated 2 August 2002. Terms used in this announcement shall have the same meanings as those defined in the Offer Document unless the context otherwise requires.

PLACING

The Offeror has notified the Company that on the date of this announcement, TKR Securities has, on behalf of the Offeror, placed to 17 placees, being independent of and not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as such terms are defined in the Listing Rules), an aggregate of 65,100,000 Shares (the "Placing") at a price of HK$0.65 per Share (the "Placing Price"), representing approximately 22.5% of the existing issued share capital of the Company.

The Placing Price represents a discount of 1.5% to the closing price of HK$0.66 per Share on 4 August, 2002 (being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement). The Placing Price was determined with reference to the market price of the Shares and after arm's length negotiations between TKR Securities and the Offeror.

The Placing was completed on the date of this announcement.

RESTORATION OF PUBLIC FLOAT

The Offeror held approximately 75.9% of the existing issued share capital of the Company following the close of the Offers on August 2 2002. Following the completion of the Placing, the shareholding interest of the Company being held by the Offeror has reduced to 53.4%. Kistefos Investment A.S., a substantial shareholder of the Company, owns as to 62,400,000 Shares, representing approximately 21.6% of the existing issued share capital of the Company. Accordingly, approximately 25% of the issued Shares is now held in the hands of the public.

The table below sets out the change of the Company's shareholding structure in relation to the Offers and the Placing:

	Shareholding immediately after the close of the Offers but before the Placing	**(%)**	**Shareholding immediately after the close of the Offers and the Placing**	**(%)**
The Offeror	219,344,000	(75.9)	154,244,000	(53.4)
Kistefos Investment A.S.	62,400,000	(21.6)	62,400,000	(21.6)
Public – Placing	–		65,100,000	(22.5)
Others	7,124,000	(2.5)	7,124,000	(2.5)
	288,868,000	(100.0)	288,868,000	(100.0)

Investos should be aware that the concentration of Shareholders might affect the liquidity of the Shares in the secondary market. Consequently, the Shareholders and potential investors are advised to exercise extreme caution in dealing with the Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 August 2002 at the request of the Company pending the completion of the Placing and the restoring of the minimum public float of the Company as required under Rule 8.08 of the Listing Rules. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 August, 2002.

By order of the board of
Pacific Challenge Holdings Limited
Cheong Tin Yau
Chairman

Hong Kong, 9 August 2002

* *For identification purposes only*

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