

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LUEN CHEONG TAI INTERNATIONAL HOLDINGS LIMITED

聯昌泰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

The Board refers to a press article appearing in the Oriental Daily News of 5th June alleging that Showa Leasing (Hong Kong) Limited has filed a petition against the Company.

On 10th April 2002, the Company (as guarantor) and two wholly owned subsidiary companies, Finestyle Maritime Services Limited (as borrower) and Luen Cheong Tai Construction Company Limited (as guarantor), received statutory demands from Showa Leasing (Hong Kong) Limited in relation to four equipment leasing agreements with alleged outstanding sums totaling HK\$3,979,644.26. The case has been referred to the solicitors of the Company and the subsidiaries for legal advice and actions.

At the date of this announcement, the Company and the two subsidiaries have not yet been served with any winding up petition by Showa Leasing (Hong Kong) Limited. Further announcement, however, will be made in case of any further development of the litigation as required under the Listing Rules.

Trading in the shares was suspended from 9:35 a.m. on 5th June 2002 at the request of the Company pending release 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 7th June 2002.

In view of the delay in the disclosure of the information relating to the aforesaid statutory demands, the Exchange reserves its rights to take appropriate action against the Company and its directors.

Reference is made to a press article appearing in Oriental Daily News of 5th June 2002 alleging that Showa Leasing (Hong Kong) Limited has filed a winding up petition against the Company.

On 10th April 2002, the Company and two wholly owned subsidiary companies, Finestyle Maritime Services Limited ("Finestyle") and Luen Cheong Tai Construction Company Limited ("LCTC"), received statutory demands from Showa Leasing (Hong Kong) Limited ("Showa Leasing") in relation to four equipment leasing agreements of alleged outstanding sums of HK\$45,669.31, HK\$2,194,778.23, HK\$1,303,806.76 and HK\$435,389.96 respectively, i.e. an aggregate sum of HK\$3,979,644.26. It was alleged therein that Finestyle was the borrower under all the four leasing agreements and owed Showa Leasing the total sum of HK\$3,979,644.26, whereas the Company and LCTC were both guarantors for Finestyle's borrowings under certain of the above lease agreements and in that capacity, the Company and LCTC also owed Showa Leasing the sums of HK\$3,933,974.95 and HK\$45,669.31 respectively. To date, no winding up petition has yet been served against the Company or any of its subsidiaries by Showa Leasing. Further announcement will be made in case of any further development of the matter required under the Listing Rules.

The Company and the two subsidiaries have disputed the above statutory demands. In the view of the Directors, the Company and its subsidiaries (the "Group") is financially capable to meet the potential loss arising from this litigation, if any, which will not exceed HK\$3,979,644.26 in the worst scenario. Accordingly, the Directors do not consider that this litigation will lead to a winding-up order by the Court against the Company and the two subsidiaries concerned.

At the date of this announcement, the total amount of alleged claims under all major litigations against the Group is approximately HK\$48 million including the above statutory claims, representing approximately 31% of the unaudited consolidated net asset of the Group at 31st May 2001, which is the latest financial information available to the management. No management accounts since 31st May 2001 has been prepared by the Group. The Board will continue to seek legal assistance, and is of the view that certain major alleged claims are disputable. At the same time, the Company will continue active negotiations with all creditors concerned with a view to reach out of court settlement on appropriate terms. In view of the above, the Directors do not expect that the existing litigations will have material and adverse impact on the Group's overall financial position or its operation. The Company will make further announcement next week updating the status of all major litigations.

The Group achieved a turnover of HK\$293,748,000 for the year ended 31st May 2001 based on the Group's unaudited management accounts at 31st May 2001. The Group continues to receive regular progress payments from existing contracts on hand, with possible participations in major and significant projects both in Hong Kong and in PRC. The Directors therefore consider that despite the litigations involved, the Group will be able to maintain a sufficient level of operations to warrant the continued listing of the Company under the requirement of Paragraph 38 of the Listing Rules.

Trading in the shares was suspended from 9:35 a.m. on 5th June 2002 at the request of the Company pending release 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 7th June 2002.

In view of the delay in the disclosure of the information relating to the aforesaid statutory demands, the Exchange reserves its rights to take appropriate action against the Company and its directors.

Shareholders of the Company and the public are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Luen Cheong Tai International Holdings Limited
Chan Man Chuen
Chairman