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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

Further to the Company's announcements of 6th June 2002, 27th May 2002, 8th May 2002 and 27th February 2002 in relation to outstanding litigations, the Directors set out below an update of the litigations known to the directors against the Company and its subsidiaries.

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

Reference is made to the Company's announcements of 6th June 2002, 27th May 2002, 8th May 2002 and 27th February 2002 in relation to litigations against the Company and its subsidiaries (the "Group").

Developments of litigations disclosed in aforesaid announcements

- (a) The hearing for the Order 14 Summons taken out by G E Capital (Hong Kong) Limited against Finestyle Maritime Services Limited (as borrower), a wholly owned subsidiary of the Company, for the alleged amount (for equipment leasing) plus interests and costs totalling HK\$2,140,000 was earlier adjourned and subsequently fixed to be held on 14th August 2002. An announcement will be made timely on the results of the hearing.
- (b) An Order 14 Summons was filed by Bank of East Asia Limited against the Company (as guarantor) and its wholly owned subsidiary, Luen Cheong Tai Construction Company Limited (as borrower) in relation to the alleged sum (for overdraft and trade finance) of HK\$4,600,517.13 and subsequently heard on 27th May 2002. The hearing was adjourned and was heard on 17th June 2002 which was further adjourned to a day to be fixed. An announcement will be made on further development of the case.
- (c) The winding up petition filed by Hennabun Resources Limited for the alleged advance (for general working capital) of HK\$12,250,000 against the Company's wholly owned subsidiary, Luen Cheong Tai Construction Company Limited ("LCTC") as borrower was first heard on 5th June 2002 and again on 10th June 2002. The Court ordered the petition to be further adjourned to 15th July 2002, and granted leave to LCTC to file and serve an affirmation in opposition, and to the petitioner to file and serve evidence in reply thereto. The Company will apply for suspension of trading of its shares pending the results of the winding-up petition to be heard on 15th July 2002.
- (d) Earlier on 10th April 2002, Showa Leasing (Hong Kong) Limited ("Showa Leasing") issued statutory demands to the Company (as guarantors), and the two wholly owned subsidiaries, Finestyle Maritime Services Limited ("Finestyle") (as borrowers) and Luen Cheong Tai Construction Company Limited ("LCTC") (as guarantor) in relation to the alleged outstandings totaling HK\$3,979,644.26 owed by Finestyle under four equipment leasing agreements. On 11th June 2002, the Company was subsequently served with a winding up petition (the "Petition") filed by Showa Leasing on 3rd June 2002. It was alleged therein that the Company owed Showa Leasing sums totaling HK\$3,933,974.95 for guaranteeing Finestyle's borrowings under some of the four leasing agreements. The Petition was scheduled to be heard on 21st August 2002. No winding-up petitions known to the Directors have been filed or served by Showa Leasing against the two subsidiaries. The Company will apply for suspension of trading of its shares pending the results of the winding-up petition hearing on 21st August 2002.

Further litigation

- (e) On 15th May 2002, Get Nice (Union) Finance Company Limited ("Get Nice") issued a writ against the Company alleging that the Company was indebted to Get Nice for sums totalling HK\$6,094,972.11 including interests by a loan agreement dated 5th July 2001 made between the Company and Get Nice. Get Nice had taken out an Order 14 Summons returnable on 17th June 2002 and the Company has taken out a Summons to restrain any further proceedings hereunder. Upon hearing on 17th June 2002, it was, inter alia, adjourned to a day to be fixed. Announcement will be on any further development of the case.

The Directors continue seeking legal assistance and will, in particular, oppose vigorously against the winding-up petitions against the Company or its subsidiaries as the alleged amounts are disputable in the view of the Directors. At the same time, the directors will also be negotiating actively with the creditors concerned with a view to settle the litigations out of court on appropriate terms. The development has been positive to date. In view of the above, the Directors do not expect that the outstanding litigations will adversely and significantly affect the Group's financial position and operations as a whole.

Except for those disclosed above, the Directors state that there have been no further litigations and no further developments of the litigations previously disclosed in the Company's announcements of 6th June 2002, 27th May 2002, 8th May 2002 and 27th February 2002.

The Group's turnover for the year ended 31st May 2001 and the net asset value as at that date amounted to HK\$295,648,000 and HK\$138,680,000 respectively based on the Group's audited accounts which is the latest financial information available to the management. The Directors therefore consider that despite the litigations involved, the Group will be able to maintain a sufficient level of operations and there will be no material adverse impact on the Company.

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

Hong Kong, 17th June 2002