



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

LEGAL PROCEEDINGS

The Board noted the recent fluctuations in the price and trading volume of the shares of the Company and wish to state that the Board is not aware of any reasons for such fluctuations except that the Company and its subsidiaries have been involved in the litigations described below and the transaction entered into between a subsidiary of the Company and Sky Glory Holdings Limited announcement of which has been made on 7th February 2002.

In view of the delay in the disclosure of the information relating to the said litigations, 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.

This statement is made at the request of the Stock Exchange of Hong Kong Limited.

I. Legal Proceedings

- (i) On 30th August 2001, litigation was commenced by Hua Chiao Commercial Bank Limited against Finestyle Wood Industrial Company Limited (as borrower), a wholly owned subsidiary of the Company, and the Company (as guarantor) for an alleged loan (for trade financing) amount plus interest and costs, totaling HK\$3,425,000.00. Defence has been filed and no hearing date has been fixed as at 21st February 2002.
- (ii) On 10th September 2001, litigation was commenced by East Asia Credit Company Limited ("East Asia Credit") against Luen Cheong Tai Construction Company Limited (as borrower), a wholly owned subsidiary of the Company, and the Company (as guarantor) for alleged loan (for project financing) amount plus interest and costs, totaling HK\$4,721,000.00. Defence has been filed and Summary Judgment has been successfully contested. No further action has been taken by East Asia Credit as at 21st February 2002.
- (iii) On 25th September 2001, litigation was commenced by Wing Hang Finance Company Limited against Luen Cheong Tai Construction Company Limited (as borrower), a wholly owned subsidiary of the Company, and the Company (as guarantor) for an alleged amount (equipment leasing) plus interest and costs, totaling HK\$1,352,000.00. Defence has been filed and no hearing date has been fixed as at 21st February 2002.
- (iv) In October 2001, litigation was commenced by GE Capital (Hong Kong) Limited against Finestyle Maritime Services Limited (as borrower), a wholly owned subsidiary of the Company, and the Company (as guarantor) for an alleged amount (for equipment leasing) plus interest and costs, totaling HK\$2,140,000.00. The first hearing has been fixed on 11th March 2002.
- (v) On 15th October 2001, litigation was commenced by Jian Sing Bank Limited ("Jian Sing Bank") against Luen Cheong Tai Construction Company Limited (as borrower), wholly owned subsidiary of the Company, and the Company (as guarantor) for an alleged amount (for trade and project financing) plus interest and costs, totaling HK\$4,706,000.00. Defence has been filed and no hearing date has been fixed as at 21st February 2002.
- (vi) On 11th January 2002, litigation was commenced by the Bank of East Asia Limited against Luen Cheong Tai Construction Company Limited (as borrower) and the Company (as guarantor) for an alleged sum (for overdraft and trade financing) of HK\$4,600,517.13. Defence will be filed and no hearing date has been fixed as at 21st February 2002.

- (vii) On 18th February 2002, litigation was commenced against Luen Cheong Tai Construction Company Limited by Hennabun Resources Limited for an alleged advance (for general working capital) of HK\$12,250,000.00. Hearing of the case has been fixed on 5th June 2002.

The Company is currently seeking legal advice and negotiating with the above creditors with a view to reach out-of court settlements on appropriate terms. Further announcement will be made when there is any material development. The Board does not consider that there will be any adverse impact on the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

II. Exceptional Volume Movement

The Board noted the recent fluctuations in the price and trading volume of the shares of the Company and wish to state that the Board is not aware of any reasons for such fluctuations except that the Company and its subsidiaries have been involved in the said litigations and that a subsidiary of the Company has entered into an agreement for the sale and purchase of the entire share capital of Sky Glory Holdings Limited on 5th February 2002 for which an Announcement has already been made on 7th February 2002.

Except for the above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Made by the order of the Board of the Company the directors of which individually and jointly accept responsibility for the accuracy of this statement.

In view of the delay in the disclosure of the information relating to the said litigations, the Stock Exchange of Hong Kong Limited 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
Chan Man Chuen
Chairman

Hong Kong, 27th February 2002