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If you are in any doubt as to any aspect of this document or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Luen Cheong Tai International Holdings Limited, you should at once hand this document and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

Executive Directors:

Chan Man Chuen
Vong Pak Cheong
Chan Kai Yiu
Hung Yat Ming

Independent non-executive Director:

Tsang Fan Wan
Yau Ting Kwok

Registered Office:

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12 June 2002

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES FOR ISSUE OF NEW SHARES AND REPURCHASE
BY THE COMPANY OF ITS OWN SHARES**

INTRODUCTION

At the annual general meeting (“Annual General Meeting”) of Luen Cheong Tai International Holdings Limited (the “Company”) to be held at 10:30 a.m. on 26 July 2002 at Miramar Hotel, Kowloon, resolutions will be proposed:

- (a) to grant a repurchase mandate (the “Repurchase Mandate”) to the directors (the “Directors”) of the Company to enable them to exercise the power of the Company to

* for identification purpose only

repurchase Shares which are fully paid up with an aggregate amount not exceeding 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of such resolution;

- (b) to grant a general and unconditional mandate (the “General Mandate”) to the Directors to enable them to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20 per cent of the aggregate nominal share capital of the Company in issue as at the date of passing of such resolution; and
- (c) to increase the number of Shares to be allotted and issue under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd (the “Listing Rules”), the Company is required to give to its shareholders all information which is reasonable necessary to enable shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. This document is prepared for such purpose and to give your further details so as to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the Annual General Meeting in relation to the Repurchase Mandate and the General Mandate. The explanatory statement required by the Listing Rules to provide the requisite information to you for your consideration of the Repurchase Mandate is set out in the Appendix.

THE REPURCHASE MANDATE

On pages 3 to 6 of the annual report of the Company in respect of the financial year ended 31st May 2001 is the notice of the Annual General Meeting. At the Annual General Meeting, and as part of the special business of that meeting, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per share and/or earnings per share of the Company and will only be made when the Directors believe that a repurchase will benefit the Company and its shareholders.

ACTION TO BE TAKEN

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors believe that the Repurchase Mandate and the General Mandate to allot and issue new Shares is in the best interests of the Company and its shareholders.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its shareholders.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Group compared with that as at 31st May 2001, being the date of its latest audited combined accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing of the Group.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for the Company.

Accordingly, the Directors recommend that all shareholders should vote in favour of the Repurchase Mandate and the General Mandate to issue and allot new Shares.

Yours faithfully,
For and on behalf of the Board
Luen Cheong Tai International Holdings Limited
Chan Man Chuen
Chairman

This Appendix includes explanatory statements required by the List Rules to be presented to Shareholders concerning the mandate to purchase Shares of the Company proposed to be granted to the Directors.

(1) Listing Rules for Purchases of Securities

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below. The Company is empowered by its Memorandum and Articles of Association to repurchase its own securities.

(2) Funding of Purchases

It is envisaged that repurchases will be made out of funds which are legally available for the purpose in accordance with the memorandum and articles of association of the Company and the laws of the jurisdiction in which the Company is incorporated or otherwise established.

Compared with the financial position of the Company as at 31 May 2001 (being the date of its latest available audited accounts), the Directors consider that there will be a material adverse impact on the working capital and on the gearing position of the Company in the event that the Repurchase Mandate was to be carried out in full.

However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing ratio which in the opinion of the Directors are from time to time appropriate for the Company.

(3) Share Capital

As at 12 June 2002, being the Latest Practicable Date, the issued share capital of the Company comprised 532,544,501 Shares of HK\$0.10 each in the Company and there were outstanding options granted under the share option scheme to subscribe for up to 29,650,000 Shares.

Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued, no Shares are repurchased and no outstanding options granted under the share option scheme is exercised prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to purchase a maximum of 53,254,450 Shares.

(4) Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as the ability of the Company to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of Shares that will be in issue on the date of the Annual General Meeting will give the Company additional flexibility. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Shares and/or the earnings per Share of the Company and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

(5) Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and in accordance with the memorandum and articles of association of the Company.

(6) Effect of Takeovers Code

At the Latest Practicable Date, and according to the register of substantial shareholders' interest maintained pursuant to the Securities (Disclosure of Interests) Ordinance, each of Enson Group Limited and Joyful Holdings Limited held 60,423,809 Shares representing approximately 11.35% of the issued share capital of the Company. In the event that the Directors should exercise in full the power to purchase shares in the Company which is proposed to be granted at the Annual General Meeting, the shareholding of each of Enson Group Limited and Joyful Holdings Limited together with their respective associates (as defined in the Listing Rules) in the Company would be increased to approximately 15.09% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers. The Directors have no intention to exercise the Repurchase Mandate to such an extent as would result in the amount of shares of the Company held by the public being reduced to less than 25 per cent.

(7) Directors, their associates and connected persons

None of the Directors or, to the best of their knowledge and belief, having made all reasonable enquiries, any of their respective associates have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

(8) General

No repurchase of Shares has been made by the Company during the last six months (whether on the Stock Exchange or otherwise) prior to the Latest Practicable Date.

APPENDIX	EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE
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The highest and lowest prices per Share at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Share price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
June	0.145	0.120
July	0.115	0.070
August	0.098	0.074
September	0.080	0.042
October	0.072	0.050
November	0.068	0.052
December	0.069	0.054
2002		
January	0.068	0.050
February	0.083	0.050
March	0.120	0.060
April	0.210	0.086
May	0.137	0.103