
IMPORTANT

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CHUNG TAI PRINTING HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Executive Director

Suek Chai Kit, Christopher
Lau Chin Hung
Ng Wai Chi
Suek Chai Hong

Registered Office

Clarendon House
Church Street
Hamilton, HM11
Bermuda

Non-executive Director

Suek Che Hin

Principal Place of Business

Chung Tai Printing Group Building
11 Yip Cheong Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

Independent Non-executive Director

Tse Po Lau, Paul
Wong Sun Fat
Chan Kwing Choi, Warren

24th July, 2002

To Shareholders

Dear Sir/Madam,

This is an explanatory statement given to all shareholders of Chung Tai Printing Holdings Limited (“the Company”) relating to a resolution to be proposed at the forthcoming 2002 annual general meeting of the Company to be held at Pheasant Room, 1/F., Mandarin Oriental Hotel, 5 Connaught Road Central, Hong Kong on Friday, 23rd August 2002 at 4:00 p.m. authorizing the Company to repurchase its own securities (“the Repurchase Mandate”).

This explanatory statement contains all the information required pursuant to rule 10.06(1)(b) and other relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) which is set out as follows:

- (i) Exercise in full of the Repurchase Mandate, on the basis of 332,277,280 shares in the Company (“Shares”) issued as at 24th July, 2002 (being the latest practicable date prior to the printing of this statement) would result in up to 33,227,728 shares (representing 10% of issued share capital) being repurchased by the Company assuming that no further shares will be issued or repurchased before the forthcoming annual general meeting.

- (ii) The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to purchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.
- (iii) In repurchasing securities, the Company may only apply funds from the retained profits which are legally available for such purpose in accordance with its memorandum of association and bye laws and the law of Bermuda.
- (iv) The exercise in full of the Repurchase Mandate will have a material adverse impact on the working capital or gearing position to the Company as compared with the position disclosed in the audited account for the year ended 31st March 2002. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company.
- (v) None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention, in the event that the Repurchase Mandate is approved by shareholders of the Company, to sell Shares to the Company or its subsidiaries.
- (vi) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.
- (vii) If as a result of a share repurchase a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("the Takeovers Codes"). In certain circumstances, a shareholder or a group of shareholders acting in concert could as a result of such increase, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Codes.

As at 24th July, 2002 (being the latest practicable date prior to the printing of this document), CNA Company Limited ("CNA") holds the beneficial interest in 185,660,000 shares of HK\$0.1 each representing approximately 55.88 per cent. of the total issued share capital of the Company. CNA is a company ultimately owned by the CNA Trust. The CNA Trust is a discretionary trust. The beneficiaries of which include Ms. Ng Wai Yung, Mr. Suek Sai Hong, Mr. Suek Ka Lun and Ms. Suek Wing Wo. Ms. Ng Wai Yung is the director of a subsidiary of the Company, and the wife

of the Company's chairman, Mr. Suek Chai Kit; whereas Mr. Suek Sai Hong, Mr. Suek Ka Lun and Ms. Suek Wing Wo are their children. In the event that the Directors of the Company exercise in full the power to repurchase the shares, the shareholding of CNA would be increased from 55.88 per cent. to 62.08 per cent. and would not give rise to any obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Codes.

The Directors are not aware of any consequences which the exercise in full of the Repurchase Mandate will have under the Takeovers Codes.

- (viii) No purchases of shares have been made by the Company during the six months preceding 24th July, 2002 (being the latest practicable date prior to the printing of this document), whether on the Stock Exchange or otherwise.
- (ix) No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by shareholders of the Company.
- (x) The highest and lowest closing prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
July	0.91	0.87
August	0.88	0.77
September	0.82	0.63
October	0.73	0.69
November	0.79	0.72
December	0.87	0.78
2002		
January	1.01	0.85
February	1.18	0.99
March	1.27	1.11
April	1.23	1.13
May	1.44	1.17
June	1.52	1.33

RECOMMENDATION

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders as a whole and recommend you to vote in favour of it. Such repurchase will lead to an enhancement of the net assets value per share and/or its earnings per share.

Yours faithfully
Suek Chai Kit, Christopher
Chairman