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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2001

RESULTS

The directors (the "Directors") of Luen Cheong Tai International Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 November 2001 together with the comparative figures for the corresponding period in 2000 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2001

		Unaudited Six months ended 30 November	
		2001	2000
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**107,202**	149,967
Cost of sales		**(104,602)**	(124,907)
Gross profit		**2,600**	25,060
Other revenues		**3,174**	4,461
Administrative expenses		**(15,057)**	(14,897)
Selling expenses		**(1,673)**	(1,185)
Other operating expenses		**(847)**	(2,718)
Loss on disposal of fixed assets		**(1,136)**	(639)
Operating (loss)/profit	*3*	**(12,939)**	10,082
Finance costs		**(7,688)**	(7,269)
(Loss)/profit before taxation		**(20,627)**	2,813
Taxation	*4*	**–**	(1,130)
(Loss)/profit attributable to shareholders		**(20,627)**	1,683
Dividends	*5*	**–**	–
(Loss)/profit for the period retained		**(20,627)**	1,683
(Loss)/earnings per share	*6*	**(4.6 cents)**	0.5 cents

There were no recognised gains or loss other than the net gain or loss for the two periods.

NOTES TO CONDENSED INTERIM ACCOUNTS

1. Accounting policies

These unaudited consolidated condensed interim accounts have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants and the Listing Rules of the Stock Exchange of Hong Kong Limited.

The accounting policies and method of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 May 2001.

2. Turnover

The Group is principally engaged in construction works, trading of machinery and building materials, letting of machinery and investment properties, and logging operations and holding forest concession rights in the Republic of Suriname.

An analysis of the Group's turnover and contribution to operating profit/(loss) for the period by principal activities and markets is as follows:

	Turnover Six months ended 30 November		**Operating profit/(loss) Six months ended 30 November**	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal activities:				
Construction	**103,835**	140,279	**(6,039)**	1,300
Machinery, vessels and property rental	**950**	7,723	**(3,796)**	1,870
Sale of machinery and building materials	**–**	1,965	**–**	(357)
Sales of timber	**2,417**	–	**(10,792)**	–
	107,202	149,967	**(20,627)**	2,813
Principal markets:				
Hong Kong	**104,785**	149,883	**(9,835)**	2,942
The People's Republic of China	**1,552**	84	**(1,760)**	(129)
The Republic of Suriname	**865**	–	**(9,032)**	–
	107,202	149,967	**(20,627)**	2,813

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging the following:

	Six months ended 30 November	
	2001	2000
	HK$'000	*HK$'000*
Depreciation		
Owned fixed assets	**3,495**	3,829
Leased fixed assets	**2,550**	2,507
Amortization of timber concession rights	**4,901**	1,626
Amortization of expenses in connection with issue of convertible notes	**–**	663
Amortization of premium on redemption of convertible note	**–**	158

4. Taxation

No Hong Kong profits tax and overseas profits tax have been made as the Group sustained losses for both Hong Kong and overseas taxation purposes for the period ended 30 November 2001.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30 November	
	2001	2000
	HK$'000	*HK$'000*
Hong Kong	**–**	1,130
Overseas	**–**	–
	–	1,130

5. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 November 2001.

6. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to shareholders of HK$20,627,000 (2000: profit of HK$1,683,000) and the weighted average of 445,054,501 (2000: 353,578,982) ordinary shares in issue during the period.

Diluted loss per share for each of the periods ended 30 November 2001 and 2000 is not shown as the potential ordinary shares are anti-dilutive.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

The turnover for the period of the Group for the six months ended 30 November 2001 was HK$107,202,000, representing a decrease of 29% as compared with last period. The decrease in turnover is a reflection of the continual slow down of the local construction industry.

With undue competition and increase in costs, the Group suffered a loss for the period amounting to HK$20,627,000. The profit for the last period was HK$1,683,000.

The difficult business environment has adversely affected the Group's liquidity, which has been facing a number of litigations instituted by its creditors including financial creditors. The Group continues to negotiate deferred repayment schemes with the creditors concerned while at the same time seeking possible fundings from prospective financiers on appropriate terms to improve the Group's liquidity. The management is confident with the business prospects and expects the Group will accomplish its goals.

The management will look for long term investment opportunities which provide growth and profitability to the Group, and in particular will establish a stronger presence in PRC. The Group continues its negotiation in relation to the proposed acquisition of 100% interest by the Group in Shenzhen Baker Deal Industrial Company Limited ("Shenzhen Baker"), a private company incorporated in PRC. At the extraordinary general meeting held on 26 June 2002, the Company's proposed name change from "Luen Cheong Tai International Holdings Limited" to "Baker Group International Holdings Limited" (the "New Name") was approved by shareholders of the Company. Shenzhen baker is involved in the development and operation of a major natural gas pipelines to be constructed in Nei Mongal, PRC. The management considers that the said proposed acquisition of Shenzhen Baker and the New Name will pave the way for the Group to participate in further and significant construction and development projects, both inside and outside Mainland China.

Financial position

At 30 November 2001, the Group had total assets of HK$359,769,000 (31 May 2001: HK$343,600,000). Total liabilities amounted to HK$241,703,000 (31 May 2001: HK$204,920,000), which comprised short-term borrowings of HK$88,776,000 repayable within one year (31 May 2001: HK$99,320,000) and long-term borrowings of HK$31,577,000 (31 May 2001: HK$38,116,000). The net asset value of the Group at 30 November 2001 was HK$118,066,000 (31 May 2001: HK$138,680,000). All of the borrowings were denominated in Hong Kong Dollars.

At 30 November 2001, the Group has a gearing ratio (total borrowings to equity) of 102% (31 May 2001: 99%) and a working capital rate (total current assets to current liabilities) of 0.8 (31 May 2001: 0.8).

Staff and benefit schemes

As at 30 November 2001, there was 86 full time staff working for the group, of which 26 were engaged in Construction operations, 50 in forest exploitation and timber trading, and 10 in general administration.

The Group operates Mandatory Provident Fund ("MPF") and a MPF exempted defined contribution schemes. The Group also provides other staff benefits such as medical benefits and subsidies, life insurance, marriage subsidies, company cars and quarters for senior employees.

Contingent liabilities

At 30 November 2001, a developer had launched arbitration proceedings against the Group whereby the developer claimed a sum of approximately HK$3,200,000 (31 May 2001: HK$3,200,000) for breach of the construction contract and other relief. No provision on the above has been made as the directors considered that no material loss will be incurred as a result of such proceedings.

In addition to the above, and in normal course of business, the Group has received claims for damages and injuries. No provision has been made for these claims as they are either covered by insurance or will be indemnified by other parties.

Details of charges on Group's assets

At 30 November 2001, the net book value of machinery and equipment held under finance leases of the Group amounted to HK$31,446,000 (31 May 2001: HK$36,084,000).

At 30 November 2001, investment properties and vessels with respective carrying values of HK$27,320,000 and HK$1,591,000 (31 May 2001: HK$30,650,000 and HK$4,040,000) were pledged to banks to secure banking facilities granted to the Group. No bank deposits were pledged to banks at 30 November 2001 (31 May 2001: HK$10,610,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the six months ended 30 November 2001.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Directors confirmed that the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the six months ended 30 November 2001.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 November 2001.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 10 July 2002

"Please also refer to the published version of this announcement in The Standard".