

BAKER GROUP INTERNATIONAL HOLDINGS LIMITED

(Formerly known as Luen Cheong Tai International Holdings Limited)
(Provisional Liquidators Appointed)
(Incorporated in the Cayman Islands with limited liability)

NORTHERN RESOURCES LIMITED

(Incorporated in the British Virgin Islands with limited liability)

DESPATCH OF THE CIRCULAR IN RESPECT OF THE RESTRUCTURING OF BAKER GROUP INTERNATIONAL HOLDINGS LIMITED (FORMERLY KNOWN AS LUEN CHEONG TAI INTERNATIONAL HOLDINGS LIMITED) (PROVISIONAL LIQUIDATORS APPOINTED)

INVOLVING, INTER ALIA, CAPITAL RESTRUCTURING, DEBT RESTRUCTURING AND CREDITORS' SCHEMES OF ARRANGEMENT IN ACCORDANCE WITH SECTION 86 OF THE CAYMAN COMPANIES LAW AND SECTION 166 OF THE COMPANIES ORDINANCE, SUBSCRIPTION OF NEW SHARES BY NORTHERN RESOURCES LIMITED, WHITWASH WAIVER, CONNECTED TRANSACTION AND GENERAL MANDATES TO ISSUE AND REPURCHASE NEW SHARES

FINANCIAL ADVISER TO BAKER GROUP INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS LUEN CHEONG TAI INTERNATIONAL HOLDINGS LIMITED)
(PROVISIONAL LIQUIDATORS APPOINTED)

FINANCIAL ADVISER TO NORTHERN RESOURCES LIMITED



Independent financial adviser to the Independent Shareholders



As stated in the joint announcements dated 2 October 2003, the Company and the Investor applied to the Executive for a further extension of the time for the despatch of the Circular from 3 October 2003 to on or before 29 October 2003. As additional time is needed to finalise certain financial information of the Group to be included into the Circular, an application has been made to the Executive on 29 October 2003 for a further extension of the time for the despatch of the Circular from 29 October 2003 to 30 October 2003.

The circular of the Company containing details of the Restructuring Proposal will be despatched to the Shareholders on 30 October 2003.

The release of this announcement does not necessarily indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Restructuring Proposal may or may not be satisfied or waived on or prior to 31 December 2003, or such later date as may be extended pursuant to the terms of the Restructuring Agreement, in which event the Restructuring Agreement may be terminated by written notice from any party thereto to the other parties.

Trading in the Shares of the Company has been suspended since 9:30 a.m. on Monday, 26 August 2002 and will continue to be suspended on Completion until sufficient public float has been restored according to the requirement as stipulated under Rule 8.08 of the Listing Rules. Further announcements will be made as and when appropriate.

Reference is made to the joint announcement issued by the Company and the Investor dated 12 June 2003 ("Announcement"). Unless otherwise stated, terms used in this announcement shall have the same meaning as those defined in the circular to be despatched to the Shareholders on 30 October 2003 ("Circular").

1. DESPATCH OF CIRCULAR

The Provisional Liquidators and the Investor are pleased to announce that the Circular containing details of the Restructuring Proposal together with a form of proxy for use at the EGM will be despatched to the Shareholders on 30 October 2003. The Restructuring Proposal is subject to a number of conditions, including the Whitewash Waiver, and if any of the conditions precedent have not been satisfied or waived on or prior to 31 December 2003, or such later date as may be extended pursuant to the terms of the Restructuring Agreement, the Restructuring Agreement may be terminated by written notice from any party thereto to the other parties.

As stated in the joint announcements dated 2 October 2003, the Company and the Investor applied to the Executive for a further extension of the time for the despatch of the Circular from 3 October 2003 to on or before 29 October 2003. As additional time is needed to finalise certain financial information of the Group to be included into the Circular, an application has been made to the Executive on 29 October 2003 for a further extension of the time for the despatch of the Circular from 29 October 2003 to 30 October 2003.

2. EXPECTED TIMETABLE

	2003
Latest time for lodging forms of proxy for the EGM	2:00 p.m. on Saturday, 22 November
Creditors' meeting	10:00 a.m. on Monday, 24 November
EGM	2:00 p.m. on Monday, 24 November
Publication of announcement of results of the Creditors' meeting and the EGM	Tuesday, 25 November
The following events are conditional on, amongst other things, the results of the EGM, the availability of the HK Court and the Cayman Islands Court.	
HK Court hearing of petition to sanction the Scheme	Friday, 28 November
Cayman Islands Court hearing of petition to sanction the Scheme	Thursday, 4 December
Completion	Wednesday, 10 December
Publication of announcement of Completion	Thursday, 11 December
Resumption of trading in the New Shares (Note 2)	9:30 a.m. on Thursday, 11 December
Existing counter for trading in board lots of 2,000 Shares of HK\$0.10 each temporarily closes	9:30 a.m. on Thursday, 11 December
Temporary counter for trading in the New Shares, in board lots of 800 New Shares of HK\$0.01 each in the form of existing certificate(s) for existing Shares opens	9:30 a.m. on Thursday, 11 December
First day of free exchange of existing yellow share certificates for new light blue share certificates	Thursday, 11 December
Existing counter for trading in the New Shares, in board lots of 10,000 New Shares of HK\$0.01 each in the form of new share certificate(s) for the New Shares re-opens	9:30 a.m. on Monday, 29 December
Parallel trading commences	9:30 a.m. on Monday, 29 December
First day of operation of odd lot trading facility	Monday, 29 December

2004

Temporary counter for trading in the New Shares, in board lots of 800 New Shares of HK\$0.01 each in the form of existing share certificate(s) closes	4:00 p.m. on Tuesday, 20 January
Parallel trading ends	Tuesday, 20 January
Last day of operation of odd lot trading facility	Tuesday, 20 January
Last day of free exchange of existing yellow share certificates for new light blue share certificates	Tuesday, 27 January

Notes:

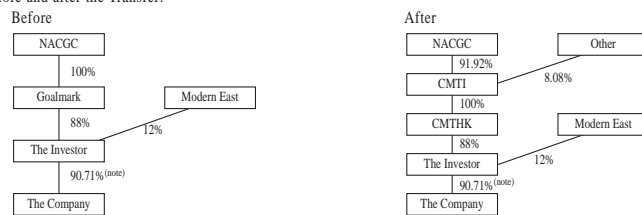
- All time references contained in this circular refer to Hong Kong time.
- Trading in the Shares of the Company has been suspended since 9:30 a.m. on Monday, 26 August 2002 and will continue to be suspended on Completion until sufficient public float has been restored according to the requirement as stipulated under Rule 8.08 of the Listing Rules. Further announcement will be made as and when appropriate.

3. RESTRUCTURING PROPOSAL

(i) Change in the shareholding structure of the Investor

As stated in the Announcement, the Investor is a company incorporated in the British Virgin Islands with limited liability on 6 February 2003 and was beneficially owned as to 88% by Goalmark and 12% by Modern East. Following the publication of the Announcement, NACGC undertook an internal review on its overall business alignment of interests within the NACGC group of companies in light of the Restructuring Proposal, and considered that for better alignment of business functions within the NACGC group of companies, it would be more appropriate for it to hold its indirect interests in the Investor through CMTI, the principal timber trading arm within the NACGC group of companies. Accordingly, on 22 October 2003, Goalmark transferred its entire 88% equity interest in the Investor to CMTI (the "Transfer"). NACGC had contemplated effecting the Transfer at the time of entering into the Restructuring Agreement and at the time of making the Announcement. However, due to the uncontrollable timing in obtaining necessary approvals from respective PRC authorities for the establishment of CMTI, for clarity and prudence purposes, NACGC decided not to create an overhanging effect on the shareholding structure of the Investor at the time of entering into the Restructuring Agreement as well as at the time of making the Announcement. Thus the Transfer was not effected at that time and no disclosure was made in the Announcement related to this matter.

CMTI is an overseas wholly owned subsidiary of CMTI, and in turn, CMTI is owned as to 91.92% by NACGC group of companies with the remaining 8.08% owned by five independent third parties. CMTI is the principal trading arm of NACGC and it is engaged in the trading of, among other things, nonferrous metals and timber materials. On this basis, given the principal business nature of the Company, NACGC considers it more appropriate to hold its interests in the Company via its trading arm, CMTI. Notwithstanding the Transfer, NACGC will still remain the ultimate controlling shareholder of the Company upon Completion. The following table sets out the shareholding structure in the Investor before and after the Transfer:



Note:

This represents the Investor's shareholding position in the Company upon Completion but before exercise of conversion rights of the Working Capital Convertible Bond.

The shareholding structure of CMTI and the particulars of CMTI's minority shareholders are as follows:

Shareholder of CMTI	Shareholding %
NACGC	82.86
CNACC International Co., Ltd	9.06
General Research Institute for Nonferrous Metals	2.49
Zhuzhou SinoTech Industries Co., Ltd	2.49
Yuyao Town General Industrial Co.	1.24
Ningbo Goalmark Co., Ltd	1.24
Kunming Feiyue Copper Co., Ltd	0.62
	<u>100</u>

Notes:

- CNACC International Co., Ltd, a wholly owned subsidiary of NACGC, is principally engaged in international trading of commodities, arts and crafts, gold and silver ornaments, jewellery, silver wool and textile and steel.
- General Research Institute for Nonferrous Metals, Beijing, a state-owned enterprise being supervised by the State Assets Supervision and Administration Commission, is a large research institution in the field of nonferrous metals industry in China.
- Zhuzhou SinoTech Industries Co., Ltd, a privately owned enterprise as to 70% and 30% by Messrs. Liu Ziqi and Mao Weiping, respectively, is principally engaged in production and processing of rare metals.
- Yuyao Town General Industrial Co., a collectively owned enterprise owned by the Bureau of Finance, Yuyao Town, is engaged in technology and general trading in nonferrous metals refining and asset management.
- Ningbo Goalmark Co., Ltd, a privately owned enterprise, is principally engaged in general trading of gifts, toys, arts and crafts products. Ningbo Goalmark Co., Ltd is owned by Messrs Li Li, Jin Min, Huang Yaoyao and Fu Yigang in equal portion of 24% each and as to 4% by Zhou Yajun.
- Kunming Feiyue Copper Co., Ltd, a Sino-foreign joint venture as to 75% by Kunming Feiyue Limited and 25% by Taiwan Li Hong Industrial Limited, respectively, is principally engaged in the trading of copper and other nonferrous metal products. To the best knowledge of NACGC, the ultimate beneficial owner of Kunming Feiyue Limited and Taiwan Li Hong Industrial Limited is Mr. Zhang Xiaoxiang.

NACGC confirmed that save for the above, NACGC has not engaged in any other dealing with the five minority shareholders of CMTI. Thus, these five minority shareholders of CMTI are independent third parties not connected to NACGC or any of their subsidiaries or associates (as defined under the Code) or any of their connected persons (as defined under the Listing Rules). CMTI was set up in the PRC on 13 October 2000 with its principal business being trading of nonferrous metals and other raw materials, and not for the purposes of effecting the Restructuring Proposal. NACGC confirmed that save for a promoters' agreement dated 2 April 2000 for the establishment of the CMTI (which set out the duties and obligations of the promoters of CMTI and was not related to the Restructuring Proposal), no shareholders' agreement has been entered into by NACGC and other CMTI's minority shareholders with regard to their interests in CMTI. Neither NACGC nor any of the other CMTI's minority shareholders has sought any ruling from the Executive as to whether or not they are parties acting in concert with each other. NACGC also confirmed with each of these five minority shareholders of CMTI that neither they nor any of their respective beneficial owners have dealt in the Shares during the six months prior to the date of the Restructuring Agreement. Furthermore, these five minority shareholders of CMTI are not connected to the Company, the Directors or any of their respective subsidiaries or associates (as defined under the Listing Rules).

(ii) Deed of Sale and Purchase and the Finance Document

Since the publication of the Announcement and with a view to further enhancing the financial position of the Group post Completion, the Provisional Liquidators and the Investor agreed that the Deed of Sale and Purchase and the Finance Documents will be entered into as part of the Restructuring Proposal in place of the original proposed subscription agreement in respect of the HK\$25 million zero coupon convertible note to be issued by the Company to the Investor. Further details of the Deed of Sale and Purchase and the Finance Documents are set out in the Circular.

Under the original proposed arrangement as referred to in the Announcement, the Group would have continued to owe HK\$25 million to the scheme creditors following Completion. The entering into of the Deed of Sale and Purchase and the Finance Documents has the effect of reducing the liabilities of the Group by HK\$25 million and improving the net tangible assets of the Group by the same amount as compared with what the liabilities of the Group would have been in the absence of the Deed of Sale and Purchase. The execution of the Deed of Sale and Purchase and the Finance Documents will constitute a connected transaction of the Company within the meaning of Chapter 14 of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM. The Finance Documents should not be considered in isolation and should be considered in conjunction with the Deed of Sale and Purchase, the effect of which is the assumption by Newco of HK\$25 million, an amount which would have been the Group's liability, which is in the interests of the Company and the Group upon Completion. The effect of such connected transaction has been reflected in the audited financial statements of the Group for the financial year ended 31 May 2003 and the advice from First Shanghai to the Independent Shareholders in this regard is set out in its letter contained in the Circular.

4. PRO FORMA UNAUDITED ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

Set out below is a statement of the pro forma unaudited adjusted net tangible assets of the Group upon completion of the Restructuring Proposal. The pro forma unaudited adjusted net tangible assets of the Group is prepared based on the audited negative net tangible assets of the Group as at 31 May 2003 and has been reviewed by the auditors. The auditors gave a qualified opinion in respect of the audited financial statements of the Group for the year ended 31 May 2003. For details, please refer to the section headed "4. Auditors' Report on the financial statements of the Company for the year ended 31 May 2003" as set out in Appendix I to the Circular.

Audited consolidated negative net tangible assets as at 31 May 2003 (Note)	HK\$'000 (30,916)
Add: Subscription for 4,500 million New Shares by the Investor	45,000
Unaudited consolidated net tangible asset value of the Group upon completion of the Restructuring Proposal	<u>14,084</u>
Unaudited consolidated net tangible asset value per New Share upon completion of the Restructuring Proposal but before full conversion of the Working Capital Convertible Bond (based on 4,961,075,600 New Shares of HK\$0.01 each)	<u>0.28 cents</u>
Upon full conversion of the Working Capital Convertible Bond (assuming the principal amount of the Working Capital Convertible Bond being HK\$10 million)	<u>10,000</u>
Pro forma unaudited consolidated net tangible asset value upon completion of the Restructuring Proposal and full conversion of the Working Capital Convertible Bond	<u>24,084</u>
Pro forma unaudited consolidated net tangible asset value per New Share upon completion of the Restructuring Proposal and full conversion of the Working Capital Convertible Bond (based on 5,961,075,600 New Shares of HK\$0.01 each and assuming that the HK\$10 million principal amount of the Working Capital Convertible Bond is converted in full at the initial conversion price of HK\$0.01 per New Share)	<u>0.40 cents</u>

Note:

The financial statements for the year ended 31 May 2003 have been prepared on a going concern basis, as modified by the write-down of assets and liabilities to their estimated recoverable/settlement amounts. Liabilities have been adjusted to anticipated settlement amounts as the Provisional Liquidators consider that preparation of the financial statements on the basis of inclusion of Group liabilities at estimated settlement amounts as set out in the Company's proposed Debt Restructuring arrangement reflects the probable economic outflows of the Group.

The release of this announcement does not necessarily indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Restructuring Proposal may or may not be satisfied or waived on or prior to 31 December 2003, or such later date as may be extended pursuant to the terms of the Restructuring Agreement, in which event the Restructuring Agreement may be terminated by written notice from any party thereto to the other parties.

Trading in the Shares of the Company has been suspended since 9:30 a.m. on Monday, 26 August 2002 and will continue to be suspended on Completion until sufficient public float has been restored according to the requirement as stipulated under Rule 8.08 of the Listing Rules. Further announcements will be made as and when appropriate.

For and on behalf of
Baker Group International Holdings Limited
(Formerly known as Luen Cheong Tai International Holdings Limited)
(Provisional Liquidators Appointed)
Mr. Stephen Liu Yiu Keung
Mr. Yeo Boon Ann
Mr. Don Wayne Ebanks
Joint and Several Provisional Liquidators

By Order of the Board
Northern Resources Limited
Mr. Liu Wei
Director

Hong Kong, 29 October 2003

The Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Group and themselves and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement concerning the Group and themselves have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement concerning the Group and themselves misleading.

The directors of the Investor accept full responsibility for the accuracy of the information contained in this announcement other than that relating to the Group and the Provisional Liquidators and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement other than those concerning the Group and the Provisional Liquidators have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement other than those concerning the Group and the Provisional Liquidators misleading.