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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)

### ANNOUNCEMENT

The Directors announce that on 15th July, 2002, the Court issued an order for the winding up of LCTC at a hearing of the petition for winding up of LCTC made by Hennabun. However, the Company intends to lodge an appeal for setting aside of the Winding Up Order within 28 days after the date on which the Winding Up Order is sealed, and will seek legal advice from leading counsel in this regard.

As at the date of this announcement, the Company considers that the Winding Up Order would not have any material adverse impact on the Group's overall financial and operational position and the Group intends to continue its construction business, through wholly owned subsidiaries of the Company acquired or to be acquired shortly, independent of the LCTC's operations with its management expertise while diversifying into the PRC and other potential markets in Asia.

In addition, as part of its principal business activities, the Group has also diversified into timber logging and trading business so as to broaden the Group's sources of revenue although the timber logging and trading business was still at a early stage of its planned development.

In view of the foregoing, the Directors consider that the Group will be able to maintain a sufficient operations or have tangible assets of sufficient value to warrant the continued listing of the Company under the requirements of Paragraph 38 of the Listing Rules.

**Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.**

Trading in the shares of the Company was suspended from 9:30 a.m. on 15th July 2002 at the request of the Company pending release of this announcement and application has been made to the Stock Exchange for the resumption of trading of the shares from 9:30 a.m. on 23rd July 2002.

With reference to the Previous Announcement, the Directors announce that on 15th July 2002, the Court issued an order for the winding up of LCTC at a hearing of the petition for winding up of LCTC made by Hennabun in relation to non-repayment of debts in the amount of HK\$12,250,000. However, the Company intends to lodge an appeal for setting aside of the Winding Up Order within 28 days after the date on which the Winding Up Order is sealed, and will seek legal advice from leading counsel in this regard.

As at the date of this announcement, the Company considers that the Winding Up Order would not have any material adverse impact on the Group's overall financial and operational position and the Group intends to continue its construction business, through wholly owned subsidiaries of the Company acquired or to be acquired shortly, independent of the LCTC's operations with its management expertise while diversifying into the PRC and other potential markets in Asia. As announced on 7th February, 2002, the Company has, through its wholly-owned subsidiary Luen Cheong Tai (BVI) Limited, acquired from independent third parties 100% interest in Sky Glory at a consideration of HK\$14 million. Through the operations of Sky Glory, the Group will perform under the contract for the interior decoration of a hotel in Shenzhen, PRC with a total contract sum of RMB89 million, details of which are described in the Company's announcement dated 7th February, 2002.

Further, as previously announced on 29th April, 2002, the Company is still conducting negotiations on the proposed acquisition of certain interests in Shenzhen Baker Deal Industrial Company Limited, and its final terms and conditions have yet to be finalized. Meanwhile, the Directors continue to explore the business opportunities, and attract business partners so as to strength the Group's business activities.

In addition, as part of its principal business activities, the Group has also diversified into timber logging and trading business so as to broaden the Group's sources of revenue although the timber logging and trading business was still at a early stage of its planned development.

The Group's net tangible asset value as at 30 November, 2001 is HK\$118 million and its turnover for a six months period up to 30 November, 2001 is approximately HK\$100 million. As the Group's management accounts for the period from 30 November, 2001 to 30 June, 2002 have not been made, the exact information on the Group's turnover has yet been ascertained accordingly.

Out of the total outstanding bank and other loans owing by the Group of approximately HK\$112 million, the banks and financial creditors for the aggregate outstanding loans of HK\$80 million have not taken any negative actions against Group for enforcement of these outstanding payment.

In respect of the remaining 30 million bank and other loans owing by the Group, although the banks and financial creditors have taken legal actions for the enforcement of the Group's outstanding payment, the Group has been negotiating with these creditors with view to agreeing on a new repayment schedule. Indeed, in light of the business prospects and their income potential, one of the banks, for instance, has, in principle, agreed to the new repayment schedule in respect of the HK\$5,000,000 loan owing by the Group.

In view of the foregoing, the Directors consider that the Group will be able to maintain a sufficient operations or have tangible assets of sufficient value to warrant the continued listing of the Company under the requirements of Paragraph 38 of the Listing Rules.

The Company will keep shareholders and potential investors informed of the progress of this matter and make further announcement when there is further material development.

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#### Definitions

"Company"	Luen Cheong Tai International Holdings Limited
"Court"	the High Court of the Hong Kong Special Administrative Region of the People's Republic of China
"Directors"	the board of directors of the Company
"Group"	the Company and its subsidiaries
"Hennabun"	Hennabun Resources Limited, a creditor of LCTC
"LCTC"	Luen Cheong Tai Construction Company Limited, a wholly owned subsidiary of the Company, whose principal business is construction business
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Previous Announcement"	the announcement of the Company dated 17th June 2002
"Winding Up Order"	winding up order issued by the Court at the hearing of the petition made by Hennabun held on 15th July, 2002

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