

The following is the text of a letter, a summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31st March, 2005 of the property interests of the Group.

## BMI APPRAISALS

BMI Appraisals Limited 邦盟滙駿評估有限公司

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27th May, 2005

The Directors

Linfair Holdings Limited

Rooms 1910-12, 19th Floor

Block B, MP Industrial Centre

18 Ka Yip Street

Chai Wan

Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests of Linfair Holdings Limited (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) located in Hong Kong, the People’s Republic of China (the “PRC”), Taiwan and Malaysia, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of the open market values of such property interests as at 31st March, 2005 (“date of valuation”).

### **BASIS OF VALUATION**

Our valuations of the property interests are our opinion of the open market value of each of the concerned properties which we would define as intended to mean our opinion of “the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;

- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

## PROPERTY CATEGORIZATION

In the course of our valuations, the portfolio of property interests of the Group is categorized into the following groups:

- Group I — Property interest owned by the Group in Hong Kong
- Group II — Property interests rented by the Group in the PRC
- Group III — Property interests rented by the Group in Taiwan
- Group IV — Property interest rented by the Group in Malaysia
- Group V — Property interest rented by the Group in Hong Kong

## VALUATION METHODOLOGIES

### Group I

In valuing the property interest, which is held for owner-occupation by the Group, we have valued it on an open market basis by the Comparison Approach assuming sale in the existing state with the benefit of vacant possession by making reference to comparable sales evidence as available in the open market.

### Groups II, III, IV and V

In valuing the property interests rented by the Group, we are of the opinion that they have no commercial value either because of their non-assignability in the open market or there are prohibitions against subletting and/or assignment contained in the tenancy/license agreements or the lack of marketable and substantial profit rents.

## TITLE INVESTIGATIONS

### Group I

We have carried out land searches at the Urban Land Registry and in some instances we have been provided with extracts of title documents. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents and leases have been used for reference only.

**Groups II, III, IV and V**

We have not searched the titles of the property interests and have not scrutinized the original title documents to verify ownership or to ascertain the existence of any amendments, which do not appear on the copies handed to us. However, we have been given a copy of the tenancy agreements of the property interests rented by the Group. All documents have been used for reference only.

**VALUATION ASSUMPTIONS AND CONSIDERATIONS**

Our valuations have been made on the assumption that the property interests can be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to affect the values of the property interests.

We have inspected the exterior and wherever possible, the interior of the properties included within the attached valuation certificates. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects. No tests were carried out on any of the services.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, floor areas, identification of the properties and all other relevant matters.

We have not carried out detailed on-site measurements to verify the floor areas in respect of the properties but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. The Group has also advised us that no material facts have been omitted from the information which would materially affect our ability to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuations for any charges, mortgages or amounts owing either on the properties valued or for any expenses or taxation which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with the Hong Kong Guidance Notes on the Valuation of Property Assets (2nd Edition) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## REMARKS

Unless otherwise stated, all monetary sums stated are in Hong Kong Dollars. The exchange rates adopted are the average rates as at the date of valuation being HK\$1 = RMB1.06, HK\$1 = NT\$4.2 and HK\$1 = RM0.50. There has been no significant fluctuation in the exchange rates between that date and the date of this letter.

Our Summary of Values and the Valuation Certificates are enclosed herewith.

Yours faithfully  
For and on behalf of  
**BMI APPRAISALS LIMITED**  
**Joannau W.F. Chan**  
BSc MRICS MHKIS RPS(GP)  
*Director*

*Note:* Ms. Joannau W.F. Chan is a Chartered Surveyor who has over 12 years' experience in valuations of properties in Hong Kong and over 6 years' experience in valuations of properties in the People's Republic of China and the Asia-Pacific region.

## SUMMARY OF VALUES

**Open Market Value  
in existing state as at  
31st March, 2005  
HK\$**

**No. Property**

**Group I — Property interest owned by the Group in Hong Kong**

1.	Workshop Nos. 10, 11 and 12 on 19th Floor with Flat Roof Nos. 10, 11 and 12 on Roof Floor of Block B and Lorry Parking Space No. L5 on 2nd Floor, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong	2,300,000
	Sub-total:	<u><u>2,300,000</u></u>

**Group II — Property interests rented by the Group in the PRC**

2.	Unit 0803, Floor 7, Block B, Jian Wai SOHO Offices, No. 39 Dong San Huan Zhong Lu, Chao Yang District, Beijing City, the PRC	No Commercial Value
3.	Room 19F, Hai Jing Plaza, Tai Zi Road, Nan Shan District, Shenzhen City, Guangdong Province, the PRC	No Commercial Value
	Sub-total:	<u><u>Nil</u></u>

**Open Market Value  
in existing state as at  
31st March, 2005**  
*HK\$*

**No. Property**

**Group III — Property interests rented by the Group in Taiwan**

4.	4th Floor, No. 7 of Section 2 of Ren Ai Road, Taipei, Taiwan	No Commercial Value
5.	4th Floor, No. 1 of Section 2(7) of Ren Ai Road, Taipei, Taiwan	No Commercial Value
Sub-total:		<u><u>Nil</u></u>

**Group IV — Property interest rented by the Group in Malaysia**

6.	House No. 125, Jalan SS19/4, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia	No Commercial Value
Sub-total:		<u><u>Nil</u></u>

**Group V — Property interest rented by the Group in Hong Kong**

7.	Flat G on 48th Floor of Tower 3, Park Central, No. 9 Tong Tak Street, Tseung Kwan O, New Territories, Hong Kong	No Commercial Value
Sub-total:		<u><u>Nil</u></u>
Total:		<u><u>2,300,000</u></u>

## VALUATION CERTIFICATE

## Group I — Property interest owned by the Group in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 HK\$
1.	Workshop Nos. 10, 11 and 12 on 19th Floor with Flat Roof Nos. 10, 11 and 12 on Roof Floor of Block B and Lorry Parking Space No. L5 on 2nd Floor, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong  52/8899th equal and undivided shares of and in Chai Wan Inland Lot No. 139	The property comprises a combined industrial unit on the 19th floor and a lorry parking space on the 2nd floor of a 20-storey industrial building completed in about 1992.  The saleable area of the industrial unit is approximately 224.64 sq.m. plus flat roofs of approximately 188.31 sq.m..  The property is held by the Group under Conditions of Sale No. 12021 for a term commencing on 13th July, 1988 and expiring on 30th June, 2047.  The Government Rent payable for the property is 3% of the rateable value of the property per annum.	The property is occupied by the Group for ancillary office in relation to design workshop operation and storage use and lorry parking use.	2,300,000

*Notes:*

1. The registered owner of the property is Linfair Engineering (H.K.) Co. Limited, which is an indirect wholly-owned subsidiary of the Company.
2. The property is subject to a mortgage in favour of Dao Heng Bank Limited (now known as DBS Bank (Hong Kong) Limited) vide Memorial No. 8534594 dated 29th October, 2001.
3. The property was purchased in around October 2001 for a total consideration of HK\$2,450,000.

4. The title certificate given by the Company's legal adviser advising on laws of Hong Kong contains, inter alia, that despite the following errors noted in the relevant title deeds and documents, the Group's title to the aforesaid property is good and marketable:
  - a. the reference of the lot number in the description of the Crown Lease in the assignment registered in the Land Registry by Memorial No. 5459544 is erroneous;
  - b. the Memorial number of the Deed of Mutual Covenant and Management Agreement referred to in the assignment registered in the Land Registry by Memorial No. 5459543 and 5459546 is erroneous; and
  - c. the reference of the Memorial number of the assignment to which floor plan and roof plan were annexed to in the aforesaid assignment Memorial No. 5459543 is erroneous.



## VALUATION CERTIFICATE

## Group II — Property interests rented by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 HK\$
2.	Unit 0803, Floor 7, Block B, Jian Wai SOHO Offices, No. 39 Dong San Huan Zhong Lu, Chao Yang District, Beijing City, the PRC	<p>The property comprises an office unit on the 8th floor of a 28-storey office building completed in about 2004.</p> <p>The gross floor area of the property is approximately 326.05 sq.m..</p>	The property is occupied by the Group for office use.	No Commercial Value
		<p>The property is rented by the Group from 何建安 (He Jian An), an independent third party, landlord under a tenancy dated 14th August, 2004 for a term from 23rd August, 2004 to 22nd August, 2006 at a monthly rent of RMB38,148.28 inclusive of management fee but exclusive of other relevant outgoings.</p> <p>Under the above tenancy agreement, the property is permitted to be occupied for office purposes.</p>		

*Notes:*

1. According to the tenancy agreement, the tenant of the property is Linfair Engineering (Beijing) Co. Ltd., which is an indirect wholly-owned subsidiary of the Company.
2. Pursuant to a sale and purchase agreement dated 8th October 2002 entered into between 北京紅石建外房地產開發有限公司 (Beijing Hong Shi Jian Wai Real Estate Development Co. Ltd.) (“Vendor”) and the landlord, the Vendor agreed to sell the property to the landlord. According to information given, the Real Estate Ownership Certificate has not been issued to the landlord.
3. The opinion given by the PRC legal adviser to the Company contains, inter alia, the following:
  - (a) The tenancy agreement is valid as between the contracting parties under the applicable PRC laws;
  - (b) The tenancy agreement is binding on the contracting parties;

- (c) As the landlord has not obtained the Real Estate Ownership Certificate to the property, the legal title to the property has not been vested in the landlord. The lack of legal title would not affect the validity of the tenancy agreement as between the contracting parties. However, such tenancy agreement, if challenged, may not be enforceable against third parties; and
  - (d) The tenancy agreement has not been registered with the relevant land department. Non-registration of the tenancy agreement would not affect the validity of the tenancy agreement as between the contracting parties. However, such tenancy agreement, if not registered, may not be enforceable against third parties.
4. According to information given, the property is subject to a mortgage.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 HK\$
3.	Room 19F, Hai Jing Plaza, Tai Zi Road, Nan Shan District, Shenzhen City, Guangdong Province, the PRC	<p>The property comprises an office unit on the 19th floor of a 33-storey commercial/residential building completed in about 1997.</p> <p>The gross floor area of the property is approximately 146.96 sq.m..</p> <p>The property is rented by the Group from 深圳市招商置地投资有限公司 (Shenzhen City Zhao Shang Zhi Di Investment Co. Ltd.), an independent third party, landlord under a tenancy dated 4th November, 2004 for a term from 3rd August, 2004 to 31st July, 2006 at a monthly rent of RMB6,600 exclusive of management fee, water and electricity charges, hygiene charge, telecommunication charge and other relevant outgoings.</p> <p>Under the above tenancy agreement, the property is permitted to be occupied for commercial and residential purposes.</p>	The property is occupied by the Group for office use.	No Commercial Value

*Notes:*

1. According to the tenancy agreement, the tenant of the property is Linfair Engineering (Shenzhen) Co. Limited, which is an indirect wholly-owned subsidiary of the Company.
2. The opinion given by the PRC legal adviser to the Company contains, inter alia, the following:
  - (a) The tenancy agreement is valid and enforceable under the applicable PRC laws;
  - (b) The tenancy agreement is binding on the contracting parties;

- (c) According to the Building Ownership Certificate issued to the landlord, the ownership of the property is vested in the landlord; and
  - (d) The tenancy agreement has not been registered with the relevant land department. Non-registration of the tenancy agreement would not affect the validity of the tenancy agreement as between the contracting parties. However, such tenancy agreement, if not registered, may not be enforceable against third parties.
3. According to information given, the property is not subject to any mortgage.

## VALUATION CERTIFICATE

## Group III — Property interests rented by the Group in Taiwan

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 HK\$
4.	4th Floor, No. 7 of Section 2 of Ren Ai Road, Taipei, Taiwan	The property comprises an office unit on the 4th floor of an 8-storey commercial building completed in about 1977.  The gross floor area of the property is approximately 121.87 sq.m..  The property is rented by the Group from 黄志弘 (Huang Zhi Hong), an independent third party, landlord under a tenancy agreement dated 15th February, 2004 for a term of 3 years from 15th February, 2004 to 14th February, 2007 at a monthly rent of NT\$45,455 exclusive of management fee, water and electricity charges, telecommunication charge.	The property is occupied by the Group for office use.	No Commercial Value

*Notes:*

1. According to the tenancy agreement, the tenant of the property is the Taiwan Branch Office of Linfair Engineering Company Limited — an indirect wholly-owned subsidiary of the Company.
2. The opinion given by the Taiwan legal adviser to the Company contains, inter alia, the following:
  - (a) The property is registered under the name of the landlord;
  - (b) The tenancy agreement is valid and enforceable under the applicable Taiwan laws;
  - (c) The tenancy agreement is binding on the contracting parties; and
  - (d) The property is not subject to any mortgage.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 HK\$
5.	4th Floor, No. 1 of Section 2(7) of Ren Ai Road, Taipei, Taiwan	The property comprises an office unit on the 4th floor of a 7-storey commercial building (plus a level of basement) completed in about 1977.  The gross floor area of the property is approximately 117.15 sq.m..  The property is rented by the Group from 黃錦助 (Huang Jin Zhu), an independent third party, landlord under a tenancy agreement dated 1st November, 2004 for a term of 3 years from 7th November, 2004 to 6th November, 2007 at a monthly rent of NT\$30,000 exclusive of management fee, water and electricity charges, telecommunication charge.	The property is occupied by the Group for office use.	No Commercial Value

*Notes:*

1. According to the tenancy agreement, the tenant of the property is the Taiwan Branch Office of Linfair Engineering Company Limited — an indirect wholly-owned subsidiary of the Company.
2. The opinion given by the Taiwan legal adviser to the Company contains, inter alia, the following:
  - (a) The property is registered under the name of the landlord;
  - (b) The tenancy agreement is valid and enforceable under the applicable Taiwan laws;
  - (c) The tenancy agreement is binding on the contracting parties; and
  - (d) The property is not subject to any mortgage.

## VALUATION CERTIFICATE

## Group IV — Property interest rented by the Group in Malaysia

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 <i>HK\$</i>
6.	House No. 125, Jalan SS19/4, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia	<p data-bbox="362 433 636 550">The property comprises a 2-storey detached house with garden completed in about 1987.</p> <p data-bbox="362 599 636 717">The gross floor area of the house is approximately 544 sq.m. plus garden area of approximately 623 sq.m..</p> <p data-bbox="362 766 636 1217">The property is rented by the Group from Mr. Sadeesh Raghavan A/L Manikoth Raghavan, an independent third party, landlord under a tenancy agreement dated 12th August, 2004 for a term of 2 years from 1st August, 2004 to 31st July, 2006 at a monthly rent of RM4,200 exclusive of all charges and outgoings for any electricity, water sewerage and other services used during the tenancy term.</p> <p data-bbox="362 1266 636 1385">Under the above tenancy agreement, the property is permitted to be occupied for private dwelling use.</p>	The property is occupied by the Group as transit quarters.	No Commercial Value

*Notes:*

1. According to the tenancy agreement, the tenant of the property is Linfair Engineering (Malaysia) Sdn. Bhd., which is an indirect wholly-owned subsidiary of the Company.
2. The opinion given by the Malaysia legal adviser to the Company contains, inter alia, the following:
  - a. The property is registered under the name of the landlord and is subject to a mortgage in favour of HSBC Bank Malaysia Berhad, based on the record in the relevant Land Registry;
  - b. The tenancy agreement is valid and enforceable under the applicable Malaysia laws; and
  - c. The tenancy agreement is binding on the contracting parties.

## VALUATION CERTIFICATE

## Group V — Property interest rented by the Group in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Open Market Value in existing state as at 31st March, 2005 HK\$
7.	Flat G on 48th Floor of Tower 3, Park Central No. 9 Tong Tak Street, Tseung Kwan O, New Territories, Hong Kong	<p>The property comprises a residential unit on the 48th floor of a 48-storey residential building completed in about 2003.</p> <p>The gross floor area of the property is approximately 84.36 sq.m..</p> <p>The property is rented by the Group from Pun Kwok Keung, an independent third party and Pu Huiping, an employee, landlord under a tenancy agreement dated 15th September, 2004 for a term of 2 years and 2 months from 15th September, 2004 to 14th November, 2006 at a monthly rent of HK\$12,000 exclusive of rates, management fee and other relevant outgoings.</p>	The property is occupied by the Group as staff quarters.	No Commercial Value

*Notes:*

1. According to the tenancy agreement, the tenant of the property is Linfair Engineering (H.K.) Co. Limited, which is an indirect wholly-owned subsidiary of the Company.
2. According to the record in the relevant Land Registry, the current registered owners of the property are Pun Kwok Keung and Pu Huiping and the property is subject to a mortgage in favour of Hang Seng Bank Limited vide Memorial No. 578607 dated 1st November, 2003.