

CHAIRMAN'S LETTER

Introduction

As required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd (the "Listing Rules"), this interim report should originally be published and sent to the shareholders of the Company by 31 December 2001, the responsibilities of which, at that time, rested with the Former Directors (as defined in note 1 to the condensed consolidated financial statements). However, the Former Directors did not publish the interim report which constituted a breach of the Listing Rules.

As soon as the completion of the restructuring of the Group (the "Group Restructuring"), the Current Directors (as defined in note 1 to the condensed consolidated financial statements) have put every effort to rectify the situation and present herewith the interim report for the six months ended 30 September 2001.

Completion of the Restructuring of the Group

I am pleased to report that the Group Restructuring pursuant to the Restructuring Agreement (as defined in the composite document (the "Composite Document") of the Company dated 19 July 2002) was successfully completed on 21 August 2002. The name of the Company was changed from Kessel International Holdings Limited to A-Max Holdings Limited with effect from 4 September 2002.

Financial Results for the Period under Review and Information in this Report

As the completion of the Group Restructuring took place after the period ended 30 September 2001, the unaudited consolidated results of the Group under review do not reflect the significant improvement in the Group's financial position arising from the Group Restructuring.

On 21 August 2002, being the date of completion of the Group Restructuring, all the Former Directors of the Company resigned and the Current Directors of the Company were appointed.

Financial Results for the Period under Review and Information in this Report
(Continued)

The Current Directors have taken all reasonable steps and used their best endeavours to prepare the financial results for the period under review as well as to disclose in this report relevant information of the Group as required by the Listing Rules and the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants. However, due to the liquidation of the Company and changes in management, certain underlying books and records of the Group were either lost, or could not be located and hence, the extent of work of the Current Directors were limited to those company books and records passed to them by the Former Directors of the Company. The Current Directors disclaim any liabilities on the financial statements of the Group for the period under review and the information of the Group disclosed in this report for reasons which included the significance of the possible effects of incomplete books and records of the Group.

Because of the significance of the above matter, the Current Directors were unable to satisfy themselves as to whether the financial and other information of the Group contained in this interim report are complete and accurate.