

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kenfair International (Holdings) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



KENFAIR INTERNATIONAL (HOLDINGS) LIMITED

建發國際(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

21st June, 2002

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – BUSINESS VALUATION	7
APPENDIX II – GENERAL INFORMATION	13

DEFINITIONS

In this circular, unless the context requires otherwise:

“Agreement”	means the conditional subscription agreement dated 29th May, 2002 for a one-year zero-interest non-recourse exchangeable note to be issued by EPSL entered into between EPSL and the Company
“AOL”	means Asian Online Limited, a company incorporated in the British Virgin Islands on 23rd April, 2002 and having its registered office at TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands, the entire issued share capital of which is held by IIL
“AOL Shares”	means all issued shares in the capital of AOL at the time of exercise of the Exchange Rights under the Note
“associates”	has the meaning ascribed thereto in the Listing Rules
“Business Day”	means a day (other than a Saturday and a Sunday) on which banks in Hong Kong are generally open for business
“ChinaEdeal”	means ChinaEdeal Holdings Limited, a company incorporated in the Cayman Islands on 21st January, 2002 and having its registered office at 4th Floor, Harbour Centre, P.O. Box 613, George Town, Great Cayman, Cayman Islands, British West Indies, the entire issued share capital of which is held by IIL
“Companies Ordinance”	means the Companies Ordinance of the Laws of Hong Kong (Cap. 32)
“Company”	means Kenfair International (Holdings) Limited
“Directors”	means the directors of the Company
“EPSL”	means Ever Power Services Limited, a company incorporated in the British Virgin Islands on 1st February, 2002 and having its registered office at TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands, the entire issued share capital of which is held by Mr. Ben Yu Ansheng
“Exchange Rights”	means the rights of the Company to exchange the Note for IIL Shares or AOL Shares in accordance with the terms of the Note
“Group”	the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“IIL”	means International Information Limited, a company incorporated in the British Virgin Islands on 26th November, 2001 and having its registered office at TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands, the entire issued share capital of which is held by EPSL
“IIL Shares”	means that number of shares (rounded upwards if necessary, to the next whole number of shares) in the share capital of IIL that equals 18% of the issued share capital of IIL at the time of exercise of the Exchange Rights under the Note
“Latest Practicable Date”	means 19th June, 2002, being the latest practicable date for the Company to ascertain certain information for the purposes of this circular
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	means the date falling one (1) year from the date of issue of the Note
“Note”	means a one-year zero-interest non-recourse exchangeable note in the aggregate principal amount of HK\$23,000,000 to be issued by EPSL pursuant to the terms of the Agreement
“Prospectus”	means the prospectus of the Company dated 25th March, 2002
“Shareholders”	means shareholders of the Company
“Shares”	shares of HK\$0.01 each in the Company
“subsidiary”	has the meaning ascribed thereto in the Companies Ordinance
“Target Group”	IIL and ChinaEdeal and AOL (as the case may be) and their respective subsidiaries and, where the context requires, includes all subsidiaries and associated companies of IIL or ChinaEdeal or AOL (as the case may be)
“Total Consideration”	means HK\$23,000,000
“Valuation Report”	mean a valuation report dated 29th May, 2002 prepared by the Valuer, the text of which is set out in Appendix I of this circular
“Valuer”	BMI Appraisals Limited , an independent property valuer
“%”	per cent.

LETTER FROM THE BOARD



KENFAIR INTERNATIONAL (HOLDINGS) LIMITED
建發國際(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

Executive Directors

Ip Ki Cheung
Cheung Shui Kwai
Chan Siu Chung

Independent Non-executive Directors

Wong Tat Tong
Chan Wing Yau, George

Registered Office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal place of business

in Hong Kong:
Suite 2803, Tower 6
The Gateway, Harbour City
9 Canton Road
Kowloon
Hong Kong

21st June, 2002

To the Shareholders,

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION

THE AGREEMENT

On 29th May, 2002, EPSL and the Company entered into the Agreement pursuant to which, inter alia, the Company agreed conditionally to subscribe and EPSL agreed conditionally to issue the Note for the Total Consideration.

The subscription of the Note constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

EPSL and its sole beneficial owner are both third parties independent of and not connected with the Company, its directors, chief executive, any substantial shareholders of the Company or its subsidiaries or any of their respective associates. As at the Latest Practicable Date, neither EPSL nor its sole beneficial owner held any Shares.

LETTER FROM THE BOARD

The Consideration

Under the Agreement, inter alia, subject to certain conditions, EPSL agreed to issue and the Company agreed to subscribe for the Note for the Total Consideration of HK\$23,000,000. The Total Consideration is payable in Hong Kong dollars in the follow manner:–

- (i) a first payment of HK\$5,000,000 was paid by way of deposit on the date of signing of the Agreement; and
- (ii) a final payment of HK\$18,000,000 is payable on completion of the Agreement.

The Total Consideration will be funded from internal resources of the Company. The Company will not use proceeds from the initial public offering of its Shares in April 2002 for payment of the Total Consideration.

Completion of the Agreement

Completion of the Agreement is conditional upon:–

- (a) a legal and financial due diligence investigation to be carried out by the Company on the Target Group including but not limited to its review of any documents or information provided to the Company prior to the date of the Agreement, having been completed to the satisfaction of the Company and the results thereof being found to be satisfactory in the sole discretion of the Company; and
- (b) a valuation on the Target Group carried out by the Valuer on behalf of the Company having been completed to the satisfaction of the Company and the result thereof being found to be satisfactory in the sole discretion of the Company.

If the conditions have not been fulfilled or waived on or before 29th August, 2002 or such later date as the parties to the Agreement may agree in writing, the Agreement (other than certain provisions contained therein) will terminate and EPSL will be obliged to return the deposit referred to above to the Company within 2 Business Days from the date of termination of the Agreement.

At completion of the Agreement, EPSL will issue the Note in favour of the Company.

The Note is non-recourse in that the Total Consideration once paid will not be repayable by EPSL to the Company. The Note effectively comprises an option for the Company to acquire either the IIL Shares or the AOL Shares.

THE PLATFORM

Under the terms of the Agreement, EPSL has agreed and undertaken with the Company that it will, before the first anniversary of the Agreement, procure AOL to set up a closed-system e-business platform (the “Platform”) (to be known as “Kenfair.com”) for the exclusive use of the Company. The Platform will be a virtual exhibition-sourcing platform for suppliers and buyers. The right to the use of the Platform and the use of all the necessary technologies including without any limitations thereon, the source code and any other necessary technologies for the use of the Platform by the Company will remain in full force and effect notwithstanding completion of the Agreement, termination of the Agreement and the exercise of the Exchange Rights.

LETTER FROM THE BOARD

THE NOTE

At completion of the Agreement, EPSL will issue the Note in favour of the Company.

Under the terms of the Note, the Company will have the right, amongst other things, to exchange the Note into (i) the IIL Shares or (ii) the AOL Shares. Under the terms of the Note, the Exchange Rights will be exercisable commencing from the date of the Note and ending at the close of business on the Business Day last preceding the Maturity Date.

THE TARGET GROUP

IIL is a company principally engaged in investment holding. IIL's assets comprise mainly of its shares in ChinaEdeal and IIL wholly-owns ChinaEdeal and AOL. AOL is an investment holding company, the sole asset of which will comprise the Platform after it has been set up in accordance with the terms of the Agreement.

The unaudited loss of ChinaEdeal for the 16 months ended on 30th April 2002 was HK\$1,953,562. The unaudited net asset value of ChinaEdeal as at 30th April, 2002 was HK\$205,540. Since IIL and AOL are newly incorporated companies, there have been no accounts prepared for IIL and AOL.

REASONS AND BENEFITS

The Company and its subsidiaries are principally engaged in the organisation of trade fairs, trade shows and related activities to promote and facilitate trades between international buyers and manufacturers, particularly Asian manufacturers. The business now carried on by ChinaEdeal is principally operation of certain Internet web-sites and the provision of e-commerce technology services and other related businesses. The Directors are of the view that the potential investment in the Target Group and the setting up of the Platform will allow the Company to increase its competitiveness in the exhibition and trade show industry and expand its business on the Internet. Recently, a major competitor of the Company has launched its on-line exhibition portal and organised a large-scale promotion campaign for its new portal. The Directors believe the investment contemplated under the Agreement and the Note will enhance the value of the Company and its subsidiaries as a whole. The Directors also confirm that the proposed investment is in line with the "Future Plans and Prospects" of the Company as stated in the Prospectus.

The Total Consideration was determined on an arm's length basis based on the Valuation Report. The 100% equity interest in ChinaEdeal was valued by the Valuer at HK\$130 million as at 29th May 2002 by using the "income approach" with reference to the "market approach". These methodologies are referred to in the Valuation Report.

The Total Consideration of HK\$23 million is approximately equivalent to the value of 18% of the issued share capital of IIL in accordance with the Valuation Report. IIL's assets comprise mainly of its shares in ChinaEdeal. Since AOL is a newly incorporated company, there have been no accounts prepared for AOL. AOL's assets will comprise solely of the Platform. The Directors will take into account the future profitability and prospects of IIL and AOL when they exercise the Exchange Rights to exchange either into (i) IIL Shares or (ii) AOL Shares.

LETTER FROM THE BOARD

The payment of the Total Consideration will be funded from internal resources of the Company. The payment of the Total Consideration for the subscription of the Note will not in itself have any significant impact on the earnings or assets and liabilities of the Company.

If the Company exercises the Exchange Rights to exchange for IIL Shares, it will become the owner of 18% of the issued shares in IIL. The IIL Shares will appear as an asset on the Company's balance sheet. The holding of those IIL Shares will not have any effect on the earnings and liabilities of the Company as the holding of the 18% interest in IIL will only constitute an investment of the Company and the results of IIL will not be equity account in the Group's accounts because it is not intended that IIL will be an associate.

If the Company exercises the Exchange Rights to exchange for AOL Shares, the AOL Shares which the Company will then hold will appear on the balance sheet of the Company as "investment in a subsidiary". Goodwill may arise on acquisition of the AOL Shares if at the time the Company exercises the Exchange Rights to exchange for AOL Shares, the fair value of the AOL Shares is less than the value of the Note at that time. Treatment of goodwill will comply with the applicable accounting standard. If the Exchange Rights are exercised in respect of the AOL Shares, the Company will then hold 100 % of the issued shares of AOL and AOL will be consolidated in the Group's accounts.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the Appendices hereto.

By Order of the Board
Kenfair International (Holdings) Limited
Ip Ki Cheung
Chairman

The following is the text of a letter of valuation dated 29th May 2002 received from the Valuer in connection with its valuation of ChinaEdeal for incorporation in this circular:–



BMI APPRAISALS LIMITED
邦盟滙駿評估有限公司

CHARTERED SURVEYOR • FINANCIAL AND INTANGIBLE ASSET VALUER • PROPERTY VALUER • PLANT AND MACHINERY VALUER

29th May 2002

The Directors

Kenfair International (Holdings) Limited (“Kenfair”)
Suite 2803, Tower 6, The Gateway,
Harbour City, 9 Canton Road,
Kowloon, Hong Kong

Dear Sirs,

In accordance with your instructions, we have carried out a valuation to determine our independent opinion of the fair market value of a 100% equity interest in the ChinaEdeal Holdings Limited (the “ChinaEdeal”) as at 29th May 2002. This letter identifies the business appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value.

The purpose of the valuation is to express an independent opinion of the fair market value of a 100% equity interest in ChinaEdeal as at 29th May 2002. It is our understanding from Kenfair that this valuation is to be used in connection with a discloseable transaction of Kenfair.

COMPANY BACKGROUND

ChinaEdeal is a technology company which specializes in trading platform and associated software solutions. Its core business includes the operation of a leading platform for electronic products, semiconductor and the sale of proprietary platform and supporting software.

The business was started in 1999. It was acquired by International Information Ltd. in 2002. ChinaEdeal has strong partnerships with China National Electronic Import & Export Corp. (CEIEC) and China Electronic Chamber of Commerce. According to ChinaEdeal, ChinaEdeal Holdings Limited (formerly known as China Global Capital Holding Limited) was incorporated in Cayman Islands on 21st January 2000. However, its business model was conceptualized and planned as early as 1999. Following the incorporation of Ezhi Network Technologies (Shenzhen) Co., Ltd. 易之網絡技術(深圳)有限公司, its 100% owned subsidiary, incorporated in Shenzhen, the PRC on 5th April 2000, the business of ChinaEdeal was more effectively promoted to the market.

ChinaEdeal operates two leading trading platforms for electronic products, namely chinaedeal.com and globaledeal.com. These two trading platforms were established in 2000 with memberships over 23,000 in 2002. The platforms provide unmatched competitive edge for members without costly IT investment and maintenance. Meanwhile, ChinaEdeal also provides sales of proprietary platform and supporting software, which include ECAIO platform, EC Synchro, Epart Synchro, EC Site Server, and CD Synchro.

MARKET OUTLOOK

Munich International Trade Fair, a leading electronics fair organizer, recently released an industry report projecting that China will become the second largest semiconductor market by 2010. The report commented that growth forecasts in China are excellent, particularly for the information, telecommunications and consumer electronics industries.

There are certainly reasons to bet on China: it has a population of over 1.3 billion with an appetite for semiconductor chips and electronic components. Besides, the nation's entry into World Trade Organization (WTO) last December is anticipated to throw open the gates of the world's third largest consumer market. China is widely expected to witness rapid and sustained growth now that it has entered the WTO, spurring growth in a broad range of industries requiring scientific and industrial products.

Since most of China's high demand is met by imports and the government is actively supporting the import of technology from abroad, the Chinese market will provide significant opportunities for both overseas and domestic manufacturers.

According to a newly-released study by the German Association of Electronics Industry, China will be the third largest user of microelectronics by 2005. The nation's semiconductor chip market is estimated to contribute 8.6 per cent of the world's total semiconductor revenues of US\$312 billion by 2003.

Another survey conducted by Cahners In-Stat Group shows that China's total electronics market will reach US\$86 billion by 2003, ranking it the third in the world.

Growing demand in the communications, data processing, consumer and industrial sectors is likely to make China the world's No. 2 market for semiconductors by 2010, second only to the United States.

Although the Chinese mainland's chip market, estimated at US\$11.4 billion, is the largest in Asia, current chip production meets only about 20 per cent of demand.

Major companies are shifting their manufacturing bases to China, creating huge domestic demand for semiconductors and electronic components.

Apart from being a dominant original equipment manufacturing base for overseas players, China has also witnessed rapid growth in demand for electronic components as colour TVs, mobile phones, personal computers and other chip-based appliances are gaining popularity rapidly.

BASIS OF VALUATION AND ASSUMPTIONS

Our valuation has been carried out on the basis of fair market value. Fair market value is defined as *the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*

For the purpose of this valuation, we were furnished with the financial projections (the "projection") and the business plan (the "Business Plan") of ChinaEdeal, which were given in writing and orally respectively by the management of ChinaEdeal.

Our investigation included discussions with the management of ChinaEdeal in relation to the history and nature of the business, operations and prospects of ChinaEdeal, a study of ChinaEdeal's projected financial information as well as a review of other relevant information provided by the management of ChinaEdeal in the implementation of the business plan. We have assumed that such information, opinions and representation provided to us by ChinaEdeal were true and accurate. We have also consulted public sources of financial and business information to supplement the information provided by the management of ChinaEdeal. We have relied to a very considerable extent on the above-mentioned information in arriving at our opinion of value.

The valuation of ChinaEdeal requires consideration of all pertinent factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in this valuation included, but were not limited to, the following:

- the nature of the business carried on by ChinaEdeal and the history of the operation from its inception;
- the business development plan of ChinaEdeal;
- the financial condition of ChinaEdeal;
- the economic outlook and the industry outlook in general;
- the specific economic environment and competition for ChinaEdeal;
- the operational contracts and agreements in relation to ChinaEdeal;
- market-derived investment returns of entities engaged in similar lines of business; and
- the financial and business risk of ChinaEdeal including the continuity of income and the projected future results.

Due to the changing environment in which ChinaEdeal is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business. The major assumptions adopted in this valuation are:

- there will be no major changes in the existing political, legal, and economic conditions in the PRC;
- there will be no major changes in the current taxation law in the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- availability of capital will not be a constraint to ChinaEdeal's business plan;
- ChinaEdeal obtained all necessary approval to operate and generate sales as intended by the management of ChinaEdeal;
- exchange rates and interest rates will not differ materially from those presently prevailing;
- the financial projection and business plan of ChinaEdeal has been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration by the management of ChinaEdeal;
- the financial projection and business plan of ChinaEdeal will materialize;
- trends and market conditions for related industries will not deviate significantly from economic forecasts.

VALUATION METHODOLOGY

In the process of valuing ChinaEdeal, we considered two traditional appraisal approaches to value, namely the Market Approach and the Income Approach.

In valuing firms, the Market Approach is basically a comparison method which estimates fair market value from analyzing sales and financial data and ratios of comparable public and, whenever possible, private companies. We found a number of firms (namely two comparable firms in the United States and two other comparable firms in Hong Kong) that provided similar products as the main or major part of their business. In this valuation, the P/E multiples of comparable firms were used to derive the terminal value of ChinaEdeal. Terminal value equals to the future cash flow in the last period times selected P/E multiples where we obtain the relevant P/E multiples from similar companies in the capital market. However, we desisted from only using the Market Approach, since these firms were mature and had already been in operation for a number of years whereas ChinaEdeal is a start-up and has insufficient historical accounting record. We, however, used them indirectly as a reference checking with the Income Approach.

For the Income Approach, the fair market value of the business enterprise is developed through the application of the income approach technique known as the “discounted cash flow” method. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity. Thus, an indication of value was developed by discounting future cash flows available for distribution to shareholders to their present worth at market-derived rates of return appropriate for the risks and hazards of ChinaEdeal.

We determined the future economic benefits of ChinaEdeal, by using the discounted value of the future cash flows of ChinaEdeal which was determined from the net operating profit plus non-cash expenses such as depreciation and amortization expenses and less non-cash income, capital expenditure and change of working capital in the forecast period.

The operating profit of ChinaEdeal is based on sales forecast and expected operating expenses of ChinaEdeal. The sales forecast is based on the prediction of market growth rate and expected market share of ChinaEdeal during the forecast period. The operating expenses are estimated by percentage-to-sales method. The capital expenditure is based on management’s business plan which we consider that the amount of capital expenditure is reasonable.

When developing the discount rate to apply to the future economic income streams attributable to shareholders, the discount rate is the cost of equity. The cost of equity was developed using Capital Asset Pricing Model (“CAPM”). CAPM states that an investor requires excess returns to compensate systematic risks and provide no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic; other risks are referred to as nonsystematic. Under CAPM, the appropriate rate of return is the sum of the risk-free return and the equity risk premium required by investors to compensate for the systematic risk assumed.

The discount rate adopted in our valuation is 28%. The discount rate was determined by interest-free rate (U.S. Federal bond interest rate), market return and beta of ChinaEdeal.

VALUATION COMMENTS

According to the management of ChinaEdeal, besides Kenfair's platform to be constructed, Ever Power Services Limited and its subsidiaries (the "Group") are currently concentrating on product development and refining the marketing strategy of ChinaEdeal. A large promotion campaign for re-launching the Group's proprietary products, Epart Synchro & EC Synchro, has been planned in the coming 2 months and the key management of the Group is in active discussion with a number of large electronic part manufacturers and traders for the possible cooperation or partnership in the re-launching of Epart Synchro and EC Synchro. A key mission of the Group is to turn its 23,000 registered member base into fee based membership. Apart from the above, there are already 8 enterprises entered into memorandum of understanding (MOU) with ChinaEdeal for providing technology solution services.

Generally, in our experience in valuing high technology companies, technology companies can achieve high growth and generate profit without very large working capital. Successful technology company can commercialize its know-how and expertise's knowledge to become a marketable product or marketable services. Unlike manufacturing companies, the net asset value of a technology company is not a constraint for its future development.

Our valuation is based on the revenue model and business stage (Development, Growth, Mature and Decline) of ChinaEdeal. We have examined the revenue model of ChinaEdeal, which is based on the management business plan, market conditions and economic environment in the PRC. The operating loss of ChinaEdeal of HK\$1.9 million for the period of 16 months ended 30th April, 2002, was resulted from the high research and development cost of the company as ChinaEdeal is still at its 'development stage'. In our experience, a technology company will normally experience high growth after the development stage. A firm in 'growth stage' will experience high sales growth, high profit margin and low competition in the market. We consider that ChinaEdeal will experience high sales growth and can be profitable from the year 2003 onwards. The operating loss of HK\$1.9 Million cannot be used to determine the future profitability of ChinaEdeal in the future, as a relative high amount of expenditure on research and development is usually necessary for a start-up technology firm. In conclusion, the value of ChinaEdeal is derived from the net present value of the future net cash flow of ChinaEdeal and we expect ChinaEdeal to generate positive cash flow from 2003 based on the revenue model of ChinaEdeal.

We have assumed that the appraised equity interest of ChinaEdeal is freely disposable and transferable for its existing or alternative uses in the open market to both local and overseas purchasers without payment of any premium to the relevant government.

In arriving at our opinion, we have assumed that ChinaEdeal has adopted necessary security measures and has considered several contingency plans against hacking, virus and other disruptions to its server and services.

We are not a technical expert in the Telecommunication and Information Technology sector, and we are unable to test or verify or confirm the proprietary technology being developed by the inventors and used by ChinaEdeal. In the course of appraisal, we have, to a great extent, depended on the technical advice given by the management of ChinaEdeal. We are unable to accept any responsibility for the reliability of the technology being developed by the inventors.

We have had no reason to doubt the truth and accuracy of the information provided to us by ChinaEdeal. We also sought and received confirmation from ChinaEdeal that no material facts have been omitted from the information supplied.

Unless otherwise stated, the base currency of this report is Hong Kong Dollars.

CONCLUSION OF VALUE

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of ChinaEdeal and appraiser.

Based on our investigation and analysis outlined in this report, it is our opinion that as at 29th May 2002, the fair market value of a 100 % equity interest in the ChinaEdeal is reasonably stated by the amount of HK\$130 Million (Hong Kong Dollars One Hundred and Thirty Million ONLY).

We hereby certify that we have neither present nor prospective interests in ChinaEdeal or the value reported.

Yours faithfully,
For and on behalf of
BMI Appraisals Limited

Tony C.H. Cheng

*BSc, MUD, PCFA, MRICS, AHKIS, MCI Arb, AFA
Director*

Sunny K.S. Yip

*BBA, ACCA, CFA
Associate Director*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF INTERESTS

- (i) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the equity or debt securities of the Company or any of its associated corporations within the meaning of the SDI Ordinance which are required to be notified to the Stock Exchange and the Company pursuant to section 28 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) (including interests which they are deemed or taken to have under section 31 of or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:–

Director	Type of Interest	Number of Shares
Mr. Ip Ki Cheung	Corporate (<i>Note 1</i>)	108,000,000
Mr. Cheung Shui Kwai	Other (<i>Note 2</i>)	108,000,000
Mr. Chan Siu Chung	Other (<i>Note 3</i>)	108,000,000

Notes:

- Mr. Ip Ki Cheung (“Mr. Ip”) is beneficially interested in 50% of the entire issued share capital of Capital Concord Profits Limited (“Capital Concord”) which in turn will hold 108,000,000 Shares representing 60% of the entire issued Shares of the Company as at the Latest Practicable Date. The interests of Mr. Ip are accordingly “corporate interests” as described in paragraph 3(c) of practice note 5 of the Listing Rules.
- Mr. Cheung Shui Kwai (“Mr. Cheung”) is beneficially interested in 30% of the entire issued share capital of Capital Concord which in turn will hold 108,000,000 Shares representing 60% of the entire issued Shares of the Company as at the Latest Practicable Date. The interests of Mr. Cheung are accordingly “other interests” as described in paragraph 3(d) of practice note 5 of the Listing Rules.
- Mr. Chan Siu Chung (“Mr. Chan”) is beneficially interested in 20% of the entire issued share capital of Capital Concord which in turn will hold 108,000,000 Shares representing 60% of the entire issued Shares of the Company as at the Latest Practicable Date. The interests of Mr. Chan are accordingly “other interests” as described in paragraph 3(d) of practice note 5 of the Listing Rules.

Save as disclosed herein, none of the Directors or the chief executive of the Company had any interests in the equity or debt securities of the Company or any of its associated corporations within the meaning of the SDI Ordinance which are required to be notified to the Stock Exchange and the Company pursuant to section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under section 31 of or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

- (ii) None of the Directors has entered into any service agreement with any member of the Group nor are there any service agreements proposed which will not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date so far as is known to the Directors, the following persons were directly or indirectly interested in 10% or more of the nominal value of any class of the issued share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company and the amount of each of such person's interest in such securities was:–

Name	Number of Shares or attributable number of Shares	Percentage or attributable percentage of holding of Shares
Capital Concord (<i>note 1</i>)	108,000,000	60%
Best Aims Finance Limited ("Best Aims") (<i>notes 1 and 2</i>)	52,000,000 (<i>note 5</i>)	30%
Harbour Rich Finance Limited ("Harbour Rich") (<i>notes 1 and 3</i>)	32,400,000 (<i>note 6</i>)	18%
Pace Maker Finance Limited ("Pace Maker") (<i>notes 1 and 4</i>)	21,600,000 (<i>note 7</i>)	12%
Mr. Ip (<i>note 2</i>)	54,000,000 (<i>note 8</i>)	30%
Mr. Cheung (<i>note 3</i>)	32,400,000 (<i>note 9</i>)	18%
Mr. Chan (<i>note 4</i>)	21,600,000 (<i>note 10</i>)	12%

Notes:

1. The entire issued share capital of Capital Concord is beneficially owned as to 50% by Best Aims, 30% by Harbour Rich and 20% by Pace Maker.
2. The entire issued share capital of Best Aims is beneficially owned by Mr. Ip.
3. The entire issued share capital of Harbour Rich is beneficially owned by Mr. Cheung.
4. The entire issued share capital of Pace Maker is beneficially owned by Mr. Chan.
5. These Shares are attributable to Best Aims in respect of its 50% interest in Capital Concord.
6. These Shares are attributable to Harbour Rich in respect of its 30% interest in Capital Concord.
7. These Shares are attributable to Pace Maker in respect of its 20% interest in Capital Concord.
8. These Shares are attributable to Mr. Ip in respect of his 100% interest in Best Aims.
9. These Shares are attributable to Mr. Cheung in respect of his 100% interest in Harbour Rich.
10. These Shares are attributable to Mr. Chan in respect of his 100% interest in Pace Maker.

Save as disclosed above, there is no person known to the Directors who, as at the Latest Practicable Date, was directly or indirectly interested in Shares representing 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. QUALIFICATION

The qualification of the expert who has given opinion or advice which is contained in this circular is as follows:–

Name	Qualification
BMI Appraisals Limited	Professional surveyors and property valuers

6. CONSENT

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of valuation and references to its name as the case may be, in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Valuer does not hold any shares in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. GENERAL

- (i) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 shares of HK\$0.01 each of which 180,000,000 Shares had been issued and fully paid up.
- (ii) The secretary of the Company is Tsui Wing Tak, AHKSA, CPA (Aust.).
- (iii) The share registrar and transfer office of the Company in Hong Kong is located at Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.