



Formerly C Y Leung & Company  
原梁振英測量師行

11th August, 2000

The Directors  
CyberM International (Holdings) Limited  
Units 5-7, 26th Floor  
Laws Commercial Plaza  
788 Cheung Sha Wan Road  
Cheung Sha Wan  
Kowloon

Dear Sirs,

In accordance with your instructions for us to value the property interests held by CyberM International (Holdings) Limited or its subsidiaries (together referred to as the “Group”) in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property interests as at 31st May, 2000 (the “date of valuation”). In addition, we have also acted in accordance with your instruction to conduct a valuation of property interest no. 1 as at 31st March, 2000.

Our valuation of each of the property interests represents its open market value which we would define as intended to mean “an opinion of the best price at which the sale of an interest in 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 the 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.”

Our valuations have been made on the assumption that the Group sells the property interests on the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the values of the property interests.

In valuing property interest no. 1 which is held under a Government Lease expired before 30th June, 1997, we have taken into account that under the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the Question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance such lease has been extended without premium until 30th June, 2047 and that a rent of three per cent. of the rateable value is charged per annum from the date of extension.

In valuing property interest no. 1 which is held by the Group for investment purposes, we have adopted the investment approach of valuation by considering the capitalised income derived from the existing tenancy and the reversionary potential of the property interest and by making reference to comparable sales evidence as available on the market.

Property interest no. 2 which is rented by the Group has no commercial value due mainly to the prohibitions against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

We have relied to a considerable extent on the information provided by the Group, particularly in respect of planning approvals, statutory notices, easements, tenure, identification of properties, particulars of occupancy, lettings, rentals, floor plans, floor areas and all other relevant matters.

We have not been provided with copies of title documents relating to the property but we have caused searches to be made at the Urban Land Registry. However, we have not searched the original documents to ascertain ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are only approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

We enclose herewith a summary of valuations and our valuation certificates for your attention.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K.B. Wong**  
**Registered Professional Surveyor**  
A.H.K.I.S., A.R.I.C.S.  
*Director*

*Note:* Mr. K.B. Wong is a Chartered Surveyor who has extensive experience in the valuation of properties in Hong Kong.

## SUMMARY OF VALUATIONS

<b>Property</b>	<b>Capital value in existing state as at 31st May, 2000 HK\$</b>
<b>Group I — Property interest owned by the Group</b>	
1. Workshop No. 1 including the Flat Roof thereof on 5th Floor, Premier Centre, No. 20 Cheung Shun Street, Cheung Sha Wan, Kowloon	1,700,000
Sub-total:	<u>1,700,000</u>
<b>Group II — Property interest rented by the Group</b>	
2. Unit Nos. 5, 6 and 7 on 26th Floor, Laws Commercial Plaza, 788 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	No commercial value
Sub-total:	<u>No commercial value</u>
Grand total:	<u><u>1,700,000</u></u>

## VALUATION CERTIFICATE

## Group I — Property interest owned by the Group

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2000	Capital value in existing state as at 31st May, 2000
1. Workshop No. 1 including the Flat Roof thereof on 5th Floor, Premier Centre, No. 20 Cheung Shun Street, Cheung Sha Wan, Kowloon	The property comprises an industrial unit together with its flat roof on the 5th floor of a 14-storey industrial building completed in 1994.	The property is let to a tenant for a term of two years from 1st March, 2000 at a monthly rent of HK\$11,000 exclusive of rates, management fees and Government rent subject to a right of early termination by the tenant during the second year of the term upon written notice of not less than 3 months.	HK\$1,700,000	HK\$1,700,000
21/2625th parts or shares of and in New Kowloon Inland Lot No. 5538	The property has gross floor areas of approximately as follows:— <b>Gross Floor Area</b> <i>sq.m. sq.ft.</i> Workshop No. 1      113.62   1,223 Flat Roof   39.76   428			
	The property is held from the Government for a term of 99 years from 1st July, 1898 less the last three days which has been statutorily extended to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3% of the rateable value of the property.			

*Notes:*

- (1) The registered owner of the property is CyberM Information Technology Limited (formerly known as Magic Information Technology Limited and Magic Computer (H.K.) Limited respectively) in which the Group has an attributable interest of 100%.
- (2) The property is subject to a mortgage in favour of Hang Seng Finance Limited to secure general credit facilities. Mortgagee's consent to the tenancy was obtained after the creation of the tenancy. In this respect, the Group has been advised that since the mortgagee has, unconditionally, expressed in writing that it has no objection to the existing tenancy agreement, in the absence of fraud or misrepresentation, the mortgagee is deemed to have waived its rights as a mortgagee to demand for immediate repayment of the outstanding mortgage loan or to take possession of the property by reason of the Group's failure to seek the mortgagee's prior consent to the tenancy agreement.

## Group II — Property interest rented by the Group

Property	Description and tenancy particulars	Capital value in existing state as at 31st May, 2000
2. Unit Nos. 5, 6 and 7 on 26th Floor, Laws Commercial Plaza, 788 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	<p>The property comprises three office units on the 26th floor of a 34-storey industrial/office building completed in about 1999.</p> <p>The approximate saleable area of the property is 247.58 sq.m. (2,665 sq.ft.) and is currently occupied by the Group as an office.</p> <p>The property is currently subject to a tenancy for a term of two years from 15th January, 2000 to 14th January, 2002 at a monthly rent of HK\$52,000, exclusive of rates, Government rent and management fees.</p>	No commercial value