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KESSEL INTERNATIONAL HOLDINGS LIMITED

佳信科技集團有限公司*

(Provisional Liquidators Appointed)

(Incorporated in Bermuda with limited liability)



YUE FUNG INTERNATIONAL GROUP HOLDING LIMITED

裕豐國際集團控股有限公司*

(Incorporated in Bermuda with limited liability)

**RESTRUCTURING OF
KESSEL INTERNATIONAL HOLDINGS LIMITED
INVOLVING, INTER ALIA, DEBT RESTRUCTURING,
SUBSCRIPTION OF NEW SHARES AND WHITEWASH WAIVER**

Further to the announcement of the Company and Yue Fung dated 7 March 2002, the Restructuring Agreement was entered into on 4 April 2002. Under the Restructuring Agreement:

- (1) the Investor has agreed, subject to the fulfilment of a number of conditions, to subscribe for new shares in the Company representing approximately 97% of the issued share capital of the Company immediately upon Closing for \$40,000,000 in cash; and
- (2) it is intended that the Kessel Creditors will discharge their claims through the creditors' schemes of arrangement and the Keview Creditors will discharge their claims through a compromise agreement.

Shareholders of the Company and Yue Fung and public investors are advised to note that the restructuring of the Company may or may not be completed. The release of this announcement does not necessarily indicate that the Restructuring Proposal will be implemented and completed as the conditions precedent to the Restructuring Proposal may not be fulfilled or otherwise waived.

Further announcements will be made when major developments occur. A circular setting out details of the Restructuring Proposal, the advice from an independent financial adviser and a notice of the SGM will be despatched to Shareholders.

Trading in the shares of the Company has been suspended since 2:30pm on 23 May 2001 and will remain suspended.

Shareholders of Yue Fung and public investors are advised to exercise extreme caution in dealing in the shares of Yue Fung.

I. RESTRUCTURING OF THE GROUP

The Company and Yue Fung are pleased to announce that, further to the joint announcement of the Company and Yue Fung dated 7 March 2002, the Restructuring Agreement was entered into on 4 April 2002.

A. Principal Features

The Investor has agreed to restructure the Company by providing new funding to the Company by way of the Subscription, and by restructuring the debts of the Companies in the manner described below. The Investor has also agreed to provide advances to meet certain liabilities of the Group and the working capital requirements of the restructured Group.

1. The Subscription

Pursuant to the terms of the Restructuring Agreement, the Investor has agreed to subscribe for new shares, representing approximately 97% of the enlarged issued capital of the Company immediately upon Closing for an aggregate cash consideration of \$40,000,000 (defined in this announcement as the “Subscription Proceeds”). In order to facilitate the restructuring of the Company, a capital restructuring will be proposed. Details of the capital restructuring have yet to be finalised. The number of new shares to be issued under the Subscription is expected to be determined after finalisation of the details of the capital restructuring.

Use of Proceeds

If the aggregate liabilities of Dongguan Kepo to its creditors (excluding Keview) do not exceed the PRC Liabilities Threshold of \$35 million, the entire amount of the Subscription Proceeds (after deducting the costs and expenses of the Kessel Provisional Liquidators) will be applied to settle the claims of the Companies’ Creditors as described in Section 2 headed “Debt Restructuring” below.

If the aggregate liabilities of Dongguan Kepo to its creditors (excluding Keview) exceed the PRC Liabilities Threshold, the Subscription Proceeds available for distribution to the Companies’ Creditors will be reduced on a dollar for dollar basis by an amount equal to the Excess PRC Liabilities.

The Subscription Proceeds to be paid to the Company will be \$40,000,000 whether or not the aggregate liabilities of Dongguan Kepo to its creditors (excluding Keview) exceed the PRC Liabilities Threshold.

2. *Debt Restructuring*

The liabilities of the Company and Keview, in the aggregate sum of approximately \$456 million (according to their respective statements of affairs), will be restructured by way of the Creditors' Schemes and the Keview Compromise respectively.

(a) Liabilities of the Company

According to the statement of affairs of the Company as at 15 November 2001, the aggregate unsecured liabilities of the Company amounted to approximately \$227 million. The Company has no secured liabilities recorded in its statement of affairs. The claims of the Kessel Creditors will be reviewed by the Kessel Provisional Liquidators prior to the Creditors' Schemes being implemented and will be adjudicated by the scheme administrators.

The HK Creditors' Portion will be shared between the Kessel Creditors and the Keview Creditors in a proportion to be determined by the Provisional Liquidators, after negotiation with the creditors of the respective companies. The entitlement of the Kessel Creditors (after deducting the costs and expenses of the Kessel Provisional Liquidators) is proposed to be distributed to the Kessel Creditors on a pro-rata basis in full and final settlement of their claims against the Company under the Creditors' Schemes.

In accordance with the laws of Bermuda and Hong Kong, the Creditors' Schemes will become effective and binding on all Kessel Creditors if, inter alia, a majority in number of the Kessel Creditors representing at least 75% in value of the total unsecured indebtedness of the Company votes in favour of the Creditors' Schemes at the requisite creditors' meetings.

(b) Liabilities of Keview

(i) Liabilities to be Discharged by the Investor at Closing

In addition to payment of the Subscription Proceeds, the Investor has agreed to settle the HSBC Secured Balance at Closing on the occurrence of which, HSBC will release its charge over the assets of Keview. HSBC has provided an advance in the principal sum of \$2,250,000 to enable the Keview Provisional Liquidators to settle certain indebtedness of Dongguan Kepo, which is an indirect subsidiary of the Group.

Subject to the terms of the Restructuring Agreement, the Investor has also agreed to reimburse the Keview Provisional Liquidators in respect of certain monies they have advanced to settle certain liabilities of Dongguan Kepo so as to avoid any possible damages that may be caused by the pressing creditors of Dongguan Kepo. The amount so advanced does not exceed \$1.5 million. Further announcement will be made after the amount of the money so advanced is determined.

(ii) Unsecured Liabilities of Keview

Keview has recorded an aggregate unsecured liability of approximately \$296 million (of which an amount of \$67 million is also included in the liabilities of the Company) based on its statement of affairs as at 8 October 2001. The claims of the Keview Creditors will be subject to review by the Keview Provisional Liquidators. The balance of the HK Creditors' Portion not applied to pay the Kessel Creditors under the Creditors' Schemes (as described in the section headed "Liabilities of the Company" above) is proposed to be applied to settle the claims of the Keview Creditors in full and final settlement of their claims against Keview in accordance with the Keview Compromise.

(c) Liabilities of Dongguan Kepo

Based on its books and records, Dongguan Kepo has an estimated aggregate liability of approximately \$200 million as at 19 April 2002 of which approximately \$173 million were owed to Keview and approximately \$27 million were owed to its trade and other creditors. The liabilities of Dongguan Kepo are not dealt with under the Debt Restructuring. The outstanding indebtedness of Dongguan Kepo is not the subject of restructuring in the Restructuring Agreement and will be subject to further verification. Under the current legislation of the PRC, there is no recognised scheme of arrangement procedure except following commencement of bankruptcy proceedings that would bind all creditors of a PRC company. The Investor is assisting Dongguan Kepo in dealing with claims against it.

Pursuant to the terms of the DK Loan Agreement, the Investor has agreed to provide advances to Dongguan Kepo to discharge certain claims against it as directed by the Keview Provisional Liquidators. Interest is payable on the DK Advances at Hong Kong dollar prime rate plus 1% per annum. The DK Advances are repayable on demand by the Investor, but not on or before the earlier of the Long Stop Date, the termination of the Restructuring Agreement and the day after Closing. Keview has agreed, pursuant to the terms of the DK Subordination Agreement, to pay a sum equal to any amount recovered by it from Dongguan Kepo in respect of amounts owed to it by Dongguan Kepo (including an inter-company loan currently recorded in the statement of affairs of Keview in the amount of approximately \$173 million), in excess of the HSBC Secured Balance, to the Investor until the DK Advances are repaid in full.

If the valid liabilities of Dongguan Kepo exceed the sum of the Subscription Proceeds and the PRC Liabilities Threshold (which aggregates to \$75 million), any party to the Restructuring Agreement (other than the Escrow Agent) is entitled to terminate the Restructuring Agreement. If the Restructuring Agreement is terminated, the Restructuring Proposal will not be implemented. Further announcement will be made if the Company becomes aware of a material change in the amount of valid liabilities of Dongguan Kepo.

B. Conditions Precedent to the completion of the Restructuring Agreement

Completion of the Restructuring Agreement will be subject to, inter alia, the following:

- (a) the Courts sanctioning the Creditors' Schemes and the Creditors' Schemes becoming effective;
- (b) the Keview Compromise having been entered into by the Keview Creditors;
- (c) the execution of a subscription agreement setting out the terms and conditions of the Subscription;
- (d) HSBC withdrawing its petitions presented in Hong Kong and Bermuda for the winding-up of the Companies conditional only on Closing;
- (e) the execution of a deed of release by HSBC releasing its fixed and floating charge over the assets and undertaking of Keview;
- (f) the Courts ordering the discharge and release of the Provisional Liquidators;
- (g) all necessary resolutions being passed by the Independent Shareholders regarding the Restructuring Proposal and the transactions contemplated thereunder;
- (h) the capital reorganisation necessary to effect the Subscription becoming effective;
- (i) the Bermuda Monetary Authority approving the issue and free transferability of the new shares under the Restructuring Proposal;
- (j) the Stock Exchange approving the listing of, and permission to deal in, the new shares;
- (k) the Executive granting the Whitewash Waiver; and
- (l) producing such documents as may be necessary to effect the transfer of shares of companies within the Group to result in a group structure as described in section VI of the announcement.

As stated in section II below, the Investor has advised that it will not waive or amend condition (k) regarding the Whitewash Waiver.

Closing shall occur on the business day following the date on which all of the conditions precedent to the Restructuring Agreement have been fulfilled or waived.

The obligations of the parties to the Restructuring Agreement may be terminated if, inter alia, Closing does not occur on or before the Long Stop Date.

II CHANGES IN SHAREHOLDING OF THE COMPANY

The following table shows the estimated changes in the percentage shareholding of the Company immediately upon Closing:

	Existing (Note 1) Approx. %	Immediately Upon Closing Approx. %
Investor	–	97
Stangee International Limited (Note2)	66	2
Other Public Shareholders	34	1
	<hr/>	<hr/>
Total	<u>100</u>	<u>100</u>

Note 1: Computed from information disclosed in the latest published audited accounts and the share register of the Company.

Note 2: According to the latest published annual report of the Company, the issued share capital of Stangee International Limited is held by the trustee of a discretionary trust in which Mr Shun Wing Chiu , a Director, and his spouse are included as beneficiaries.

Immediately upon Closing, the Investor will be interested in approximately 97% of the enlarged issued share capital of the Company. The Investor has stated that it will apply to the SFC for a Whitewash Waiver of its obligation under the Code to make a general offer for all the shares of the Company other than those already held by the Investor together with parties acting in concert with it. As stated in the section headed “Conditions Precedent” above, the Restructuring Agreement is subject to, inter alia, the Executive granting the Whitewash Waiver to the Investor. The Investor has advised it will not waive or amend this condition regarding the Whitewash Waiver. If this condition is fulfilled and the Restructuring Proposal proceeds, the Investor will not be required to make a general offer to the Shareholders under Rule 26 of the Code following the issue and allotment of the new shares to the Investors pursuant to the terms of the Subscription. Furthermore, since the Investor together with parties acting in concert with it will together hold more than 50% of the voting rights of the Company immediately following Closing, the creeper provisions of the Code will not be applicable and they will be free to acquire further voting rights in the Company without triggering a general offer obligation. **If this condition precedent (condition (k) regarding the Whitewash Waiver) is not satisfied (the Whitewash Waiver is not granted by the SFC or not approved by the Independent Shareholders), the Restructuring Agreement will lapse and the Restructuring Proposal will not be implemented.**

III. BACKGROUND INFORMATION OF THE INVESTOR

The Investor is a company incorporated in the British Virgin Islands with limited liability. It is wholly and beneficially owned by Yue Fung. The principal business of the Investor is investment holding. It has not undertaken any other activity except entering into the Reorganisation Agreements and matters relating thereto as described in this announcement.

Yue Fung is a company listed on the Stock Exchange since October 1997. The principal business of Yue Fung is the manufacture and sale of consumer electronic products including calculators, digital cameras, other digital imaging products and databanks.

At Closing, the Investor is required to pay the Subscription Proceeds, the HSBC Secured Balance and other advances by the Keview Provisional Liquidators to settle certain liabilities of the Group referred to in paragraph (1) and 2(b)(i) of section I(A) above respectively. Yue Fung has also agreed to provide DK Advances and intends to further extend a principal sum of \$15 million to the Group for its working capital requirements as stated in section I(A)2(c) and section VI respectively. The transactions contemplated under the Restructuring Proposal do not constitute a notifiable transaction under the Listing Rules for Yue Fung.

The Investor and Yue Fung are independent third parties not connected with and not acting in concert with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates or concert parties within the meaning prescribed by the Listing Rules and the Code.

The Company and the Provisional Liquidators are independent of, not connected with and not acting in concert with, Yue Fung, the directors, chief executive or substantial shareholder of Yue Fung or any of its subsidiaries or their respective associates or concert parties within the meaning prescribed by the Listing Rules and the Code.

IV. MAINTAINING THE LISTING OF THE COMPANY

It is the intention of the Investor to maintain the listing of the Company on the Stock Exchange upon completion of the Restructuring Proposal. **The Investor, Yue Fung and their respective directors will undertake to the Stock Exchange that they will use their best endeavours and take appropriate steps as soon as practicable to ensure that an adequate number of Shares will be placed to independent third parties to maintain the public float of not less than 25% of the enlarged issued share capital of the Company in order to meet the requirement under Rule 8.08 of the Listing Rules. The Stock Exchange has stated that if less than 25% of the issued share capital is in public hands following Closing, or if the Stock Exchange believes that:**

- **a false market exists or may exist in the trading of shares of the Company; or**
- **there are insufficient shares of the Company in public hands to maintain an orderly market,**

then it will consider exercising its discretion to continue to suspend the trading of the shares of the Company.

The Stock Exchange has further stated that, if the Company remains listed on the Stock Exchange, any asset dispositions or asset acquisitions by the Group will be subject to the provisions of the Listing Rules. The Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to its Shareholders irrespective of the size of the proposed transactions. The Stock Exchange also has the power to aggregate a series of transactions and any such transactions may result in the Company being treated as if it were a new applicant for listing and subject to the requirements for new listing applicants as set out in the Listing Rules.

V. MANAGEMENT AND BUSINESS

The current Board comprises 2 executive directors namely, Mr Shun Wing Chiu and Mr Lam Chi Kong. The Investor intends that upon completion of the Restructuring Proposal, all existing directors of the Company will be removed from the Board and new directors, including representatives from Yue Fung, will be appointed to the Board. The composition of the future Board has not yet been finalised. Further announcement will be made once the future Board is determined.

VI. INTENTION OF THE INVESTOR REGARDING THE COMPANY

After Closing, certain subsidiaries of the Group will remain, whilst subsidiaries with net liabilities will not form part of the Group. The restructured Group will include Dongguan Kepo, which is a major subsidiary (on the basis of its net assets as recorded in the latest published accounts of the Company, excluding the intercompany balances which were eliminated at consolidation). The Investor intends that the Company will continue to engage in its existing businesses upon Closing. The Investor intends to retain certain senior management of the Group to continue to manage the business of the Group. It is the intention of the Investor to first provide the necessary working capital to Dongguan Kepo to restart and revitalise its operations as soon as practicable. The Investor has no immediate plan to inject any assets into the Company or redeploy any assets of the Group apart from providing working capital to the restructured Group. The Investor will conduct a thorough review of the restructured Group and formulate long-term business plans and develop new business strategies. Upon Closing, the Investor will assist the Company to explore new business opportunities, which are in line with or will provide synergy to the principal activities of the Group. The future Board will consider whether any asset acquisition or disposal, business rationalisation, divestment and/or diversification will be appropriate to enhance the long term growth potential of the Company. Any new strategy will be subject to review and approval of the future Board and full compliance with the Listing Rules.

Yue Fung, after taking into account its own working capital requirements and funding needs, together with its controlling shareholder, Simply Noble Limited, have agreed to provide, in equal proportion, a total of \$30,000,000 cash to the Group upon Closing for its working capital requirements. The form of the facilities, which has not yet been determined, may include convertible securities or interest-bearing loans. Having regard to the funding needs of the Group and in the absence of unforeseen circumstances, the Investor is of the opinion that \$30,000,000 is sufficient to restart the operation of the Group. The Investor believes that the extensive experience of Yue Fung in the manufacture and sale of electronic related products will immediately activate the businesses of the Group and benefit the Group in the future.

According to the latest published annual report of the Company, the principal activities of the Group prior to the appointment of provisional liquidators to Keview were the manufacture and sale of personal digital assistants, liquid crystal display (“LCD”) modules, LCD panels and telecommunication products. The Investor noted that certain LCD panels produced by the Group can be used as components in the production of the calculators and databanks of Yue Fung. Yue Fung currently purchases such LCD panels from independent suppliers. Upon resumption of the operations of the Group, Yue Fung intends to source certain LCD panels from Dongguan Kepo. The sale of LCD products to Yue Fung will constitute on-going connected transactions for the Company pursuant to Chapter 14 of the Listing Rules. As the ongoing connected transactions will occur on a regular and continuing basis, the Company intends to apply for a waiver from the Stock Exchange from strict compliance with the requirements under Chapter 14 of the Listing Rules. Further announcement will be made when additional information is available.

VII. REASONS FOR THE RESTRUCTURING OF THE COMPANY

If the Group is unable to implement the Restructuring Proposal, the Kessel Provisional Liquidators believe that there is a strong likelihood that the Company will have to be wound up. The Kessel Provisional Liquidators are of the view that, after taking into consideration the current financial position of the Group, the pressure imposed by the creditors of the Group to recover their debts and other alternative restructuring proposals received by the Kessel Provisional Liquidators, the Restructuring Proposal represents the best option currently available to the Company. If the Company is wound up, the return to its creditors would likely be minimal and it is unlikely that there will be any return to the Shareholders.

VIII. DEALINGS

TingKong-RexCapital Securities International Limited, in its normal and ordinary course of business, holds 2,000 Shares on behalf of its non-discretionary clients and has not dealt in the Shares for its clients on a non-discretionary basis during the period commencing six months prior to 7 March 2002, being the date of the joint announcement issued by the Company and Yue Fung. TingKong-RexCapital Securities International Limited is a fellow subsidiary of REXCAPITAL (Hong Kong) Limited, the financial adviser to the Investor.

The Investor and parties acting in concert with it confirm that they have not dealt in the securities of the Company during the six month period immediately prior to 7 March 2002. They have also undertaken not to deal in the securities of the Company before the SGM to be convened to consider the transactions contemplated under the Restructuring Agreement.

IX. OTHER INFORMATION

The Company will submit an application for the listing of, and permission to deal in, the new shares to be issued pursuant to the terms of the Restructuring Agreement.

The Investor will submit an application to the Executive for the Whitewash Waiver, which, if granted, would normally be subject to the approval of the Independent Shareholders by poll at the SGM.

REXCAPITAL (Hong Kong) Limited, which is retained as the financial adviser to the Investor, has confirmed that sufficient financial resources are available to the Investor to satisfy its obligations under the Reorganisation Agreements.

The powers of the Board have ceased following the appointment of the Kessel Provisional Liquidators by the relevant court. Accordingly no independent board committee can be formed to advise the Independent Shareholders. An independent financial adviser will be appointed to advise the Independent Shareholders in relation to the transactions contemplated under the Restructuring Proposal and the Whitewash Waiver.

Agreements documenting the Subscription and the Keview Compromise will be entered into as soon as the terms and conditions thereof are agreed. It is intended that, after these agreements are entered into, a circular setting out details of the Restructuring Proposal, the advice from the independent financial adviser and a notice of the SGM will be despatched to Shareholders. Further announcement will be made after these agreements have been entered into, details of the capital restructuring referred above have been finalised or when any other major development occurs.

It is noted that the Company has not issued an interim report for the six months ended 30 September 2001 as required by paragraph 10 of the Listing Agreement. The Stock Exchange is of the view that this will constitute a breach of the Listing Agreement. The Stock Exchange stated that it will reserve its rights to take appropriate action against the Company and its Directors in respect of this breach. It is expected that the audited financial information of the Group for the year ended 31 March 2002 will be published in newspapers and included in the circular to be despatched to the Shareholders in connection with the Restructuring Proposal upon completion of the audit.

X. CAUTION STATEMENT

Shareholders of the Company and Yue Fung and public investors should note that the conditions precedent to the Restructuring Agreement may or may not be fulfilled or otherwise waived. The release of this announcement does not necessarily indicate that the transactions contemplated under the Restructuring Agreement will be implemented and completed. If the Restructuring Agreement cannot be completed, the Company may be wound up.

Trading of the shares of the Company has been suspended since 2:30 pm on 23 May 2001 and will remain suspended.

Shareholders of Yue Fung and public investors are advised to exercise extreme caution in dealing in the shares of Yue Fung.

XI. DEFINITIONS

“\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Board”	the board of directors of the Company
“Closing”	the completion of the Restructuring Agreement
“Code”	the Hong Kong Code on Takeovers and Mergers
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Companies’ Creditors”	together the Kessel Creditors and the Keview Creditors
“Companies”	Keview and the Company
“Company”	Kessel International Holdings Limited (Provisional Liquidators Appointed), a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Courts”	the Supreme Court of Bermuda and the Court of First Instance of the High Court of Hong Kong

“Creditors’ Schemes”	the schemes of arrangement under section 99 of the Companies Act and section 166 of the Companies Ordinance between the Company and the Kessel Creditors
“Debt Restructuring”	the proposed restructuring of the debts under the Creditors’ Schemes and the Keview Compromise pursuant to the terms of the Restructuring Agreement
“Director(s)”	director(s) of the Company
“DK Advances”	advances made by the Investor to Dongguan Kepo pursuant to the terms of the DK Loan Agreement
“DK Loan Agreement”	the facility letter entered into between Dongguan Kepo and the Investor on 4 April 2002, which sets out the terms of the loan facility provided by the Investor to Dongguan Kepo of up to HK\$35,000,000
“DK Subordination Agreement”	the subordination agreement entered into between Dongguan Kepo, the Investor, Keview and the Keview Provisional Liquidators on 4 April 2002
“Dongguan Kepo”	Dongguan Kepo Electronics Limited, a wholly-owned foreign enterprise established in the PRC, whose sole shareholder is Keview
“Escrow Agent”	Allen & Overy
“Excess PRC Liabilities”	the positive amount being equal to the aggregate amount of valid liabilities of Dongguan Kepo (excluding claims of Keview) minus the PRC Liabilities Threshold
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries (currently or after Closing as the case may be)
“HK Creditors’ Portion”	the lesser of (i) the Subscription Proceeds, and (ii) in the event that Dongguan Kepo has Excess PRC Liabilities, the amount of the Subscription Proceeds available for distribution to the Companies’ Creditors reduced as described in section I(A)(1) of this announcement.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, who is also the petitioner to the winding-up of the Companies

“HSBC Secured Balance”	the amount of the loan in the principal sum of \$2,250,000 and accrued interest owed to HSBC secured by a fixed and floating charge over the assets of Keview
“Independent Shareholders”	shareholders who are not involved or interested in the Restructuring Proposal and parties acting in concert with any of them
“Investor”	A-Max (Asia) Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Yue Fung
“Keview”	Keview Technology (BVI) Limited (Provisional Liquidators Appointed), a company incorporated with limited liability under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Keview Compromise”	the restructuring of the liabilities of Keview contemplated under the Restructuring Agreement
“Kessel Creditors”	the unsecured creditors of the Company
“Kessel Provisional Liquidators”	Messrs Gabriel Chi Kok Tam, Jacky Chung Wing Muk and Malcolm Butterfield
“Keview Creditors”	the unsecured creditors of Keview
“Keview Provisional Liquidators”	Messrs Gabriel Chi Kok Tam and Jacky Chung Wing Muk
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2002
“PRC Liabilities Threshold”	\$35,000,000
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Provisional Liquidators”	the Kessel Provisional Liquidators and the Keview Provisional Liquidators
“Reorganisation Agreements”	together the Restructuring Agreement, the DK Loan Agreement and the DK Subordination Agreement
“Restructuring Agreement”	The restructuring agreement entered into between the Companies, the Provisional Liquidators, the Investor and the Escrow Agent on 4 April 2002

“Restructuring Proposal”	the proposed transactions contemplated under the Reorganisation Agreements, including the Subscription, the Debt Restructuring and the DK Advances
“SFC”	Securities and Futures Commission
“SGM”	the special general meeting of the Company to be convened for the purpose of passing the relevant resolutions for the implementation of the transactions contemplated under the Restructuring Agreement
“Shares”	shares of \$0.10 each in the capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Proceeds”	the cash consideration of \$40,000,000 payable in respect of the Subscription
“Subscription”	the proposed subscription for new shares by the Investor representing approximately 97% of the issued share capital of the Company immediately upon Closing for an aggregate cash consideration of \$40,000,000
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Code from the obligation of the Investor and parties acting in concert with it to make a general offer for all the shares of the Company not already owned or agreed to be acquired by them upon Closing
“Yue Fung”	Yue Fung International Group Holding Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange

For and on behalf of
**KESSEL INTERNATIONAL
HOLDINGS LIMITED**
(Provisional Liquidators Appointed)

Tam Chi Kok, Gabriel
*Joint and Several Provisional Liquidator
acting as agent of the Company*

By Order of the Board
**YUE FUNG INTERNATIONAL GROUP
HOLDING LIMITED**

Lee Wing Kan
Chairman and Managing Director

25 April 2002

The Kessel Provisional Liquidators, as agents of the Company, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than the information relating to the Investor and Yue Fung and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Investor and Yue Fung jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than the information relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *for identification only*

"Please also refer to the published version of this announcement in the Hong Kong i-mail"