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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
(PROVISIONAL LIQUIDATOR APPOINTED)
INVOLVING, INTER ALIA, CAPITAL RESTRUCTURING DEBT RESTRUCTURING,
SUBSCRIPTION OF NEW SHARES, AND WHITEWASH WAIVER**

The Circular should be despatched on 16th May, 2002 under Rule 8.2 of the Code. Application has been made to the SFC for the grant of a consent to an extension of time for the despatch of the Circular to 28th June, 2002. The Petition for the winding up of Keview has been adjourned to 29th July, 2002.

Reference is made to the joint announcement of the Company and Yue Fung dated 25th April, 2002 (the “Joint Announcement”). Terms used in this announcement have the same meanings as those defined in the Joint Announcement, unless the context otherwise requires.

The Joint Announcement contained information regarding the financial restructuring of the Company, which involves, inter alia, a capital restructuring, the Debt Restructuring, the Subscription and the Whitewash Waiver. Under Rule 8.2 of the Code, the circular in connection with the whitewash waiver (the “Circular”) should be despatched to shareholders of the Company within 21 days from the date of the Joint Announcement. However, more time is required for preparing certain financial information to be included in the Circular, including, inter alia, the updated financial position of the Group and the pro forma statement of assets and liabilities of the restructured Group. Application has been made to the SFC for a waiver for the grant of a consent to an extension of time for the despatch of the Circular to 28th June, 2002.

CSC Asia Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), has been appointed as the independent financial adviser to advise the Independent Shareholders regarding the terms of the Restructuring Proposal.

Update on the hearing of the petition (the “Petition”) for the winding up of Keview Technology (BVI) Limited (provisional liquidators appointed) (“Keview”)

On 24th April, 2002, the Court of First Instance of Hong Kong ordered that the Petition for the winding up of Keview be adjourned to 29th July, 2002 at 9:30 a.m. before the Companies judge, save that the Provisional Liquidators of Keview and any creditors of Keview do have liberty to apply to the Court to restore the Petition for hearing upon giving 7 days' notice in advance to the petitioner, i.e. The Hongkong and Shanghai Banking Corporation Limited, and the Official Receiver. A draft order drawn up to above effect was submitted to the Court for approval on 26th April, 2002, and has yet to be approved by the Court as at 13th May, 2002.

Agreements documenting the Subscription and the Keview Compromise have not yet been entered into as at the date of this announcement by the relevant parties. These agreements will be entered into as soon as the terms and conditions thereof are agreed. Further announcement will be made after these agreements have been entered into.

Trading in the Shares of the Company has been suspended since 2:30 p.m. on 23rd May, 2001 and will remain suspended.

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

15th May, 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 purposes only*

“Please also refer to the published version of this announcement in the China Daily”.