

The following is the text of the letter, summary of values and valuation certificate received from Chesterton Petty Limited, an independent property valuer, prepared for the purpose of incorporation in this prospectus, in connection with their valuation of the property interests held by the Company and its subsidiaries as at 31 December 2000.



International Property Consultants

Chesterton Petty Ltd
16/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

31 January 2001

The Directors
Techwayson Holdings Limited
Room 1810, 18th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions to value the above property interests held by Techwayson Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”) and in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of such property interests as at 31 December 2000.

Our valuation is our opinion of the open market value which we would define as intended to mean “the best price at which the sale of an interest in a 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 property and the state of the market) for the proper marketing of the interest, for the agreement of 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 valuation has been made on the assumption that the owner sells the property interests on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuation.

In valuing the property interests, we have also relied on the advice given by the Group and its legal advisers, Shu Jin & Co. Solicitors & Attorneys, on PRC law, regarding legal matters of the property interests of the Group.

The property interests in Group I and II which are leased by the Group have no commercial value due to the prohibition against assignment or sub-letting or lack of substantial profit rent.

We have been provided with copies of extracts of legal matters documents relating to the property interests. However, we have not inspected the original documents to verify the ownership or to verify any amendments, which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal advisers on PRC law and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exterior of the properties valued and, where possible, the interior of the premises. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from 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 any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In preparing our valuation report, we have had regard to the requirements contained in the provisions of Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited.

Our summary of values and valuation certificate are attached.

Yours faithfully
For and on behalf of
Chesterton Petty Limited
Charles C K Chan
MSc ARICS FHKIS MCI Arb RPS(GP)
Executive Director

Note: Charles C K Chan, Chartered Estate Surveyor, MSc, A.R.I.C.S., F.H.K.I.S., M.C.I.Arb., R.P.S. (G.P.), has been a qualified valuer with Chesterton Petty Limited since June 1987 and has about 16 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

Group I — Property interests leased by the Group in the PRC

**Open market value
in existing state as at
31 December 2000**
RMB

1.	Portion of Level 1 (East & West Wings), Level 5 and 6 South Building 24 Keyuan Road Hi-tech Industrial Park Nanshan District Shenzhen The PRC	No commercial value
2.	Units 1101, 1103, 1105, 1106, 1107, 1301, 1303 and 1308 on Level 11 and 13 9 Kefa Road Hi-tech Industrial Park Nanshan District Shenzhen The PRC	No commercial value
3.	Level Two Strength Building Hi-tech Industrial Park Nanshan District Shenzhen The PRC	No commercial value
	Sub-total:	No commercial value

Group II — Property interest leased by the Group in Hong Kong

4.	Room 1810 18/F, Harbour Centre 25 Harbour Road Wanchai Hong Kong	No commercial value
	Sub-total:	<u>No commercial value</u>
	Grand total:	<u><u>No commercial value</u></u>

VALUATION CERTIFICATE

Group I — Property interests leased by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Open market value in existing state as at 31 December 2000 HK\$
1. Portion of Level 1 (East & West Wings), Level 5 and 6 South Building 24 Keyuan Road Hi-tech Industrial Park Nanshan District Shenzhen The PRC	<p>The property comprises two whole levels on Level 5 and 6 and portion of Level 1 in a 6-storey factory building of reinforced concrete structure completed in 1992.</p> <p>The total gross floor area of the property is approximately 4,090.00 sq.m. (44,025 sq.ft.).</p> <p>The subject property is currently subject to a lease agreement for a term of 2 years commencing from 15 March 2000 to 15 March 2002 at a monthly rental of RMB110,430 exclusive of management fee.</p>	The property is occupied by the Group as workshop.	No commercial value

Note:

We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:—

- The property is subject to a lease agreement (hereinafter referred as the "Agreement"), dated 14 March 2000, entered between 深圳安惠實業公司 (the "Landlord") and 德維森實業(深圳)有限公司 Techwayson Industrial Limited (the "Tenant").
- The Agreement has been registered with Building Leasing Management Department of Nanshan District Government 南山區政府房屋租賃管理主管部門.
- As stipulated in the Agreement, the property is for factory use.
- The Landlord is entitled to a Building Lease Permit (Shennan) Fan Zu Zheng Di G12159 Hao (深南)房租証第G12159號.

Property	Description and tenure	Particulars of occupancy	Open market value in existing state as at 31 December 2000 HK\$
2. Units 1101, 1103, 1105, 1106, 1107, 1301, 1303 and 1308 on Level 11 and 13 9 Kefa Road Hi-tech Industrial Park Nanshan District Shenzhen The PRC	<p>The property comprises 8 residential units in a 7-storey composite building of reinforced concrete structure completed in 1992.</p> <p>The total gross floor area of the property is approximately 637.09 sq.m. (6,857 sq.ft.).</p> <p>The subject property is currently subject to a lease agreement for a term of 1 year commencing from 22 May 2000 to 22 May 2001 at a monthly rental of RMB14,016 exclusive of management fee.</p>	The property is occupied by the Group as staff quarters.	No commercial value

Note:

We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:—

- The property is subject to a lease agreement (hereinafter referred as the "Agreement") dated 15 May 2000, entered between 深圳科技工業園總公司 (the "Landlord") and 德維森實業(深圳)有限公司 Techwayson Industrial Limited (the "Tenant").
- The Agreement has been registered with Building Leasing Management Department of Nanshan District Government 南山區政府房屋租賃管理主管部門.
- As stipulated in the Agreement, the property is for residential uses.
- The Landlord is entitled to a Building Lease Permit (Shennan) Fan Zu Zheng Di H12346 Hao (深南)房租証第H12346號.

Property	Description and tenure	Particulars of occupancy	Open market value in existing state as at 31 December 2000 HK\$
3. Level Two Strength Building Hi-tech Industrial Park Nanshan District Shenzhen The PRC	<p>The property comprises an office level in a 6-storey office building of reinforced concrete structure completed in 1997.</p> <p>The gross floor areas of the property is approximately 1,364 sq.m. (14,682 sq.ft.).</p> <p>The subject property is currently subject to a lease agreement for a term of 5 year commencing from 28 December 1999 at a current monthly rental of RMB68,200 exclusive of management fee with a rent free period of 60 days commencing from 28 December 1999. Pursuant to the lease agreement, the monthly rental will be adjusted on the 4th and 5th year subject to market condition.</p>	The property is occupied by the Group as office.	No commercial value

Note:

We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:—

- The property is subject to a lease agreement (hereinafter referred as the “Agreement”) dated 24 December 2000, entered between 深圳思創光電信息技術有限公司, (the “Landlord”), and 德維森實業(深圳)有限公司 Techwayson Industrial Limited (the “Tenant”).
- The Landlord is in the process of applying for a Lease Permit and if the landlord could not obtain a Lease Permit, the Tenant could lease other property to re-locate the existing office without affecting its normal business operation.
- As stipulated in the Agreement, the property is for office, science research and manufacturing use.

Group II — Property interest leased by the Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Open market value in existing state as at 31 December 2000 HK\$
4. Room 1810 18/F, Harbour Centre 25 Harbour Road Wanchai Hong Kong	<p>The property comprises an office unit on 18th floor of a 39-storey composite building erected over a 2-Level car parking podium. The building is of reinforced concrete structure with certain wall cladding completed in 1983.</p> <p>According to the information provided, the saleable area of the unit is approximately 93.37 sq.m. (1,005 sq.ft).</p> <p>The subject property is currently subject to a tenancy agreement for a term of one and an half year commencing from 15 August 2000 at a monthly rental of HK\$28,980 exclusive of rates, Government rents and management fees with an option to renew for one year at market rental.</p>	The property is occupied by the Group as office.	No commercial value