

8 October 2007

*To the Independent Board Committee of
BEP International Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS
BY BARON CAPITAL LIMITED
ON BEHALF OF BIG JUMP INVESTMENTS LIMITED
TO ACQUIRE ALL ISSUED SHARES IN
BEP INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
BIG JUMP INVESTMENTS LIMITED OR PARTIES ACTING IN
CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL
OUTSTANDING SHARE OPTIONS**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the Offers, details of which are set out in the "Letter from the Board" and the "Letter from Baron Capital" contained in the Composite Offer Document dated 8 October 2007 to the Independent Shareholders and the Optionholder, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Offer Document unless the context requires otherwise.

On 12 September 2007, the Vendors and the Offeror entered into the Sale and Purchase Agreement for the acquisition by the Offeror from the Vendors of the Sale Shares, representing approximately 71.46% of the issued share capital of the Company as at the Latest Practicable Date, at the Consideration (equivalent to approximately HK\$0.7414 per Sale Share). Completion took place on 17 September 2007.

Under Rules 26 and 13 of the Takeovers Code, the Offeror is obliged to make the Offers, being the Share Offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror or parties acting in concert with it) and the Option Offer for cancellation of all Outstanding Share Options. The Share Offer is being made at HK\$0.7414 per Share and the Option Offer is being made at HK\$0.0514 per underlying Share. Baron Capital is making the Offers on behalf of the Offeror. Detailed terms and conditions of the Offers, including the procedures for acceptance, are set out in the Composite Offer Document, in particular in the "Letter from the Board", the "Letter from Baron Capital" and Appendix I to the Composite Offer Document.

The Independent Board Committee (comprising three independent non-executive Directors, namely Mr. Hong Yee Kwong, Paul, Mr. Lam King Pui and Mr. Wu Tai Cheung) has been formed to advise the Independent Shareholders and the Optionholder on the terms of the Offers. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the Offers and such appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Composite Offer Document and provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, opinions and representations contained or referred to in the Composite Offer Document were true and accurate at the time when they were made and continued to be true and accurate at the date of the Composite Offer Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Offer Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Offer Document to provide a reasonable basis for our opinions and recommendations. The Directors have confirmed that having made all reasonable enquiries, to the best of their knowledge, there are no other facts or representations the omission of which would make any statement in the Composite Offer Document, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders and the Optionholder arising from acceptances or non-acceptances of the Offers as these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the Independent

Shareholders and the Optionholder who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, we have made reference to the Household Comparables (as defined hereinafter) and the subject companies of the Comparable Offers (as defined hereinafter), which are listed on the Stock Exchange for analysis purpose and we have assumed the truthfulness and accuracy of the information available to us regarding the Household Comparables and the Comparable Offers. We have not, however, carried out any independent verification of the information available to us regarding the Household Comparables and the subject companies of the Comparable Offers, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the subject companies of the Comparable Offers. Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention until the close of the Offers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offers and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

Historical financial performance and prospects of the Group

The Group is principally engaged in the business of designing, manufacturing and selling of home electrical appliances. The Group's products mainly consist of kettles, irons, coffee makers and grinders, and fan heaters. Geographically, Europe is the largest market of the Group with North America comes second.

(i) Financial year ended 31 March 2006 versus financial year ended 31 March 2005

For the year ended 31 March 2006, the Group recorded turnover of approximately HK\$280.9 million, representing an increase of approximately 37.4% from that of the year ended 31 March 2005 of approximately HK\$204.5 million. Gross profit margin improved from approximately 1.07% for the year ended 31 March 2005 to approximately 5.12% for the year ended 31 March 2006 due to the launching of new products with better margins. Net loss attributable to Shareholders narrowed to approximately HK\$18.3 million for the year ended 31 March 2006 from approximately HK\$27.0 million for the year ended 31 March 2005. According to 2006 annual report of the Company, the results of the Group were hit by escalating raw material costs and labour costs in China. The price of copper (used in power cords and motors) and aluminium (used in iron soleplates) as quoted on the London Metal Exchange increased by approximately 62% and approximately 28% respectively during the year ended 31 March 2006. The minimum wage in Shenzhen also increased, from RMB480 to RMB580 per month in July 2005 and then to RMB700 in July 2006.

(ii) Financial year ended 31 March 2007 versus financial year ended 31 March 2006

Despite rising raw material costs, labour cost and exchange rate of the Renminbi, the Group returned to profitability for the year ended 31 March 2007 after three consecutive years of losses. It achieved sales of approximately HK\$385.4 million, which, as stated in the 2007 annual report of the Company, broke all sales records in the history of the Group. Gross profit margin improved from approximately 5.1% for the year ended 31 March 2006 to approximately 11.7% for the year ended 31 March 2007. Net profit attributable to the Shareholders was approximately HK\$13.5 million for the year ended 31 March 2007 whereas net loss attributable to the Shareholders was approximately HK\$18.3 million for the year ended 31 March 2006. As stated in the annual report of the Company for the year ended 31 March 2007, the product rationalization strategy of the Group was key to the turnaround of the previous loss-making situation. By focusing on high-end products, the Group was able to improve its profit margin while avoiding the cut-throat competition in the low-end market.

(iii) Prospects and outlook

As noted from the annual reports of the Company for the two years ended 31 March 2006 and 2007, rising manufacturing costs in China is an inexorable trend, and there are no signs that raw material prices will decline soon. However, the Directors maintain an optimistic outlook for the Group's business. The Group has successfully asked for price increases from customers to reflect the rise in raw material costs. The Group's long term strategy is to rationalize its product mix by phasing out low-margin products while developing new products at the high-end tier. To survive and thrive in such business environment, it was mentioned that the Group must emphasize innovation in its products. In view of turning around to a profit position for the year ended 31 March 2007, we concur with the Directors that the Group has been successful in coping with the business environment by putting forward various innovations in its products. We also share the view of the Directors on the outlook of the Group's business that there are still potentials for development.

The Share Offer

Pursuant to Rule 26 of the Takeovers Code, Baron Capital, on behalf of the Offeror, is making the Share Offer on the following basis:

For each Offer Share HK\$0.7414 in cash

The Offer Price of HK\$0.7414 for each Offer Share is the same as the consideration per Sale Share under the Sale and Purchase Agreement. The Offer Price represents:

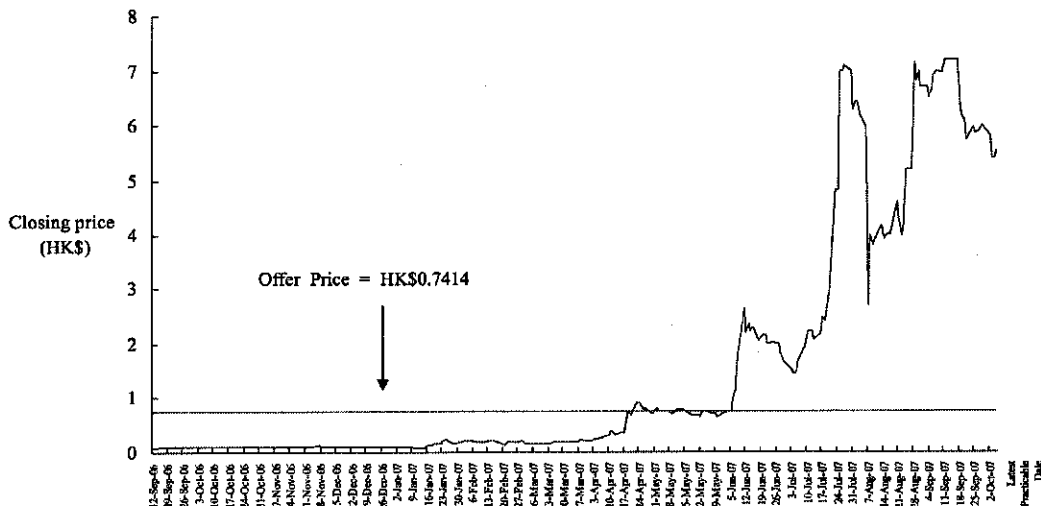
- (a) a discount of approximately 89.70% to the closing price of HK\$7.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 89.32% to the average closing price of approximately HK\$6.942 per Share for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

- (c) a discount of approximately 89.17% to the average closing price of approximately HK\$6.846 per Share for the last ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;
- (d) a discount of approximately 84.71% to the closing price of HK\$4.850 per Share as quoted on the Stock Exchange on the last trading day prior to the Commencement Date and the Shares were suspended from trading on the Commencement Date;
- (e) a discount of approximately 75.77% to the average closing price of approximately HK\$3.06 per Share for the last five consecutive trading days immediately prior to the Commencement Date;
- (f) a discount of approximately 86.64% to the closing price of HK\$5.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (g) a premium of approximately 253.05% over the audited consolidated net asset value per Share of approximately HK\$0.21 per Share (based on the then issued share capital of 240,000,000 Shares) as at 31 March 2007.

Further terms and conditions of the Share Offer, including the procedures for acceptance, are set out in the "Letter from Baron Capital" and Appendix I to the Composite Offer Document.

Historical Share price performance

The graph below illustrates the closing price levels of the Shares during the period from 12 September 2006 to 11 September 2007 (being the 12 calendar months period prior to the Last Trading Day and thereafter up to and including the Latest Practicable Date) (the "Review Period").



Note: Trading of the Shares was suspended on the Commencement Date, 26 July, 27 August, and between 12 and 17 September 2007

Source: website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing price of the Shares ranged from the lowest of HK\$0.08 per Share (recorded on 13 and 14 September 2006) to the highest of HK\$7.2 (recorded on 11 September 2007). The closing prices of the Shares were below the Offer Price from the beginning of the Review Period until 20 April 2007. The closing prices of the Shares were between the range of HK\$0.66 and HK\$0.91 during the period from 23 April 2007 and 5 June 2007. From 6 June 2007 onwards, the closing prices of the Shares were well above the Offer Price for the rest of the Review Period.

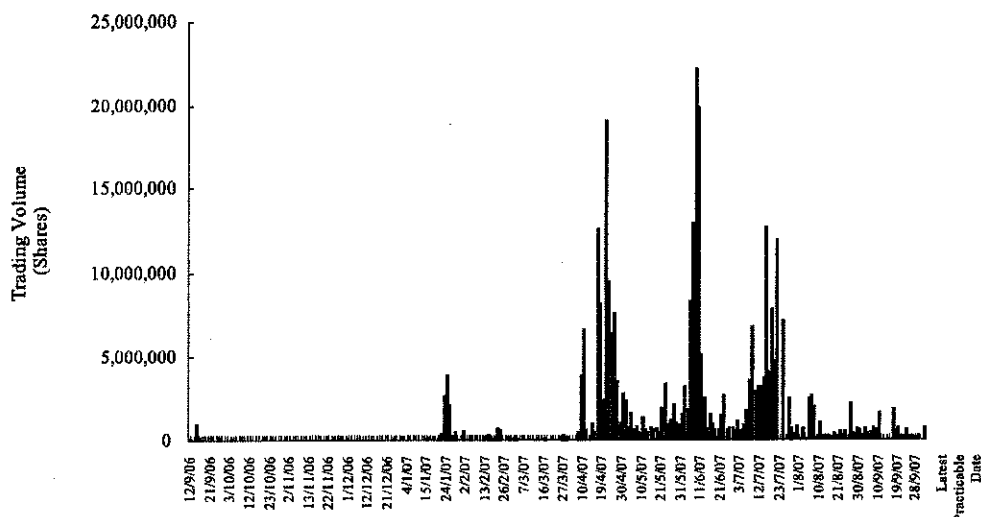
Trading of the Shares was suspended on the Commencement Date (being 24 July 2007) and on 26 July 2007. The Company announced on the Commencement Date that the Vendors were approached by an independent potential investor for preliminary negotiations on the sale of all or part of the Sale Shares on a non-exclusive basis. It was stated in the announcement of the Company dated 26 July 2007 that the Vendors had entered into an escrow arrangement with the independent potential investor and the independent potential investor had placed a deposit with an escrow agent as earnest money in order to conduct further negotiations in relation to the purchase of the Sale Shares. The closing price of the Shares surged from HK\$4.85 on 23 July 2007 to HK\$7 and HK\$7.1 on 25 and 27 July respectively. On 6 August 2007, the Company announced that the negotiations between the Vendors and such independent potential investor had come to an end. The closing price of the Shares plummeted from HK\$5.99 on 6 August 2007 to HK\$ 2.7 on 7 August 2007. On 27 August 2007, trading in the Shares was suspended and the Company announced that the Vendors had been approached by a number of independent potential investors for preliminary negotiations on the sale of all or part of the Sale Shares on a non-exclusive basis. Closing price of the Shares surged from HK\$5.2 on 24 August 2007 to HK\$7.14 on 28 August 2007.

The Offer Price of HK\$0.7414 per Offer Share represents a discount of approximately 52.81% to the average closing price of approximately HK\$1.571 per Share during the Review Period. The Offer Price also represents a discount of approximately 86.64% to the closing price of the Shares of HK\$5.55 on the Latest Practicable Date. In this regard, we are of the view that the Offer Price is not attractive to the Independent Shareholders.

We would like to remind the Independent Shareholders that although the Offer Price is below the closing price of the Shares since 6 June 2007, and represents a discount to the daily average closing price of the Shares of approximately HK\$1.571 per Share for the Review Period, as well as the closing price of the Shares on the Latest Practicable Date, there is no guarantee that the trading price of the Shares will sustain and be higher than the Offer Price during and after the Offer Period. The Independent Shareholders, in particular those who may wish to realize their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the Offer Period.

Liquidity of the Shares

The graph and table below set out (i) the daily trading volume of the Shares; and (ii) the average daily number of Shares traded per month; and (iii) the respective percentages of monthly trading volume compared to the issued share capital and the number of issued Shares held by the Independent Shareholders respectively during the Review Period.



	Average daily trading volume (Shares)	Percentage to the total number of issued Shares (Note 1) (%)	Percentage to the number of issued Shares held by the Independent Shareholders (Note 2) (%)
2006			
September (from 12 September onwards)	96,071	0.0398	0.1393
October	2,000	0.0008	0.0029
November	8,000	0.0033	0.0116
December	4,211	0.0017	0.0061
2007			
January	443,182	0.1834	0.6428
February	155,556	0.0644	0.2256
March	42,273	0.0175	0.0613
April	4,621,389	1.9128	6.7025
May	1,205,238	0.4989	1.7480
June	4,414,950	1.8274	6.4031
July	3,783,852	1.5662	5.4878
August	709,565	0.2937	1.0291

	Average daily trading volume (Shares)	Percentage to the total number of issued Shares (Note 1) (%)	Percentage to the number of issued Shares held by the Independent Shareholders (Note 2) (%)
September (up to the Last Trading Day)	665,714	0.2755	0.9655
September (since the resumption of trading of the Shares on 18 September)	569,375	0.2357	0.8258
October (up to and including the Latest Practicable Date)	157,500	0.0652	0.2284

Notes:

1. Based on 241,600,000 Shares in issue as at the Latest Practicable Date.
2. Based on 68,950,000 issued Shares held by the Independent Shareholders as at the Latest Practicable Date.
3. Trading of the Shares was suspended on Commencement Date, 26 July, 27 August, and between 12 and 17 September 2007.

Source: website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the table above, the trading volume of the Shares during the Review Period had been generally thin. During the period from 12 September 2006 up to the Last Trading Day, the highest daily average trading monthly volume amounted to approximately 4,621,389 Shares during the month of April 2007, representing approximately 1.9128% of the total number of issued Shares and approximately 6.7025% of the number of Shares held by the Independent Shareholders respectively. The average daily trading volume of Shares since resumption of trading of the Shares on 18 September 2007 until the Latest Practicable Date amounted to approximately 432,083 Shares, representing approximately 0.1788% of the total number of issued Shares and approximately 0.6267% of the number of Shares held by the Independent Shareholders respectively. Trading volume of the Shares on the Latest Practicable Date amounted to 175,000 Shares, representing 0.0724% of the total number of issued Shares and approximately 0.2538% of the number of Shares held by the Independent Shareholders respectively.

Given the low liquidity of the Shares, we consider that despite the fact that the Offer Price represents a discount to the prevailing market price of the Shares as detailed in the section headed "Historical Share price performance" above, Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares. Therefore, we consider that the Share Offer provides an alternative for the Independent Shareholders who would like to realize their investment in

the Shares. Nevertheless, Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the disposal of such Shares in the open market would exceed that receivable under the Share Offer.

Comparable analysis

In assessing the fairness and reasonableness of the Share Offer, we have identified all the comparable companies (a total of five) principally engaged in the manufacture and sale of household electrical appliances (i.e. similar to that of the Company) and listed on the Stock Exchange. Amongst these comparable companies, trading of the shares of Warderly International Holdings Limited (which is principally engaged in design, manufacture and sale of household electrical appliances and other electrical products) has been suspended since 14 May 2007. It has not yet released the annual results for the year ended 31 April 2007. We consider that its trading and financial figures may not be sufficiently current for comparison and we decided to exclude Warderly International Holdings Limited as one of the comparable companies. Our findings on the other four comparable companies (the "Household Comparables") are summarized below:

Company name	Principal business	Closing share price as at the Latest Practicable Date (HK\$)	Market Capitalization (HK\$ million)	Price-earnings multiple (times)	Dividend yield (%)	Latest published net asset/ (liability) value per share prior to the Latest Practicable Date (HK\$)	Premium/ (discount) of the closing share price on the Latest Practicable Date over/(to) the latest published net asset/ (liability) value per share prior to the Latest Practicable Date (%)
Allan International Holdings Limited (Stock code: 684)	Manufacture and distribution of household electrical appliances and personal care products	1.29	432.7	6.26	7.75	1.47	(12.24)
Anex International Holdings Limited (Stock code: 723)	Design and manufacture of electrical appliances and trading of merchandise	0.50	947.8	Not applicable	0.0	0.0753	557.37
Kenford Group Holdings Limited (Stock code: 464)	Design, manufacture and sale of a wide range of electrical hair care and health care products and other small household electrical appliances	0.59	237.3	5.12	7.63	0.4101	43.87
Raymond Industrial Limited (Stock code: 229)	Manufacturing and sale of electrical home appliances in North America, Japan, Australia, Europe and the PRC; manufacturing and sale of cigarette paper in the PRC and property leasing in Hong Kong	1.49	586.9	12.17	17.45	1.8334	(18.73)
			Highest	12.17	17.45		557.37
			Lowest	5.12	0.0		(18.73)
			Average	7.85	8.21		300.62 (premium)
							(15.49) (discount)
Share Offer with the Offer Price of HK\$0.7414 per Share		0.7414	179.1	13.29	0.0	0.21	253.95

Price-earnings multiple is one of the most commonly used benchmarks for valuing a company and we noted that three companies out of all the four Household Comparables recorded profits for their respective latest financial years. The historical price-earnings multiples of these three Household Comparables ranged from approximately 5.12 times to approximately 12.17 times with an average of approximately 7.85 times. The price-earnings multiple represented by the Offer Price of approximately 13.29 times is even higher than the highest price-earnings multiple of the Household Comparables. In this regard, we are of the view that the Offer Price is attractive to the Independent Shareholders.

We noted that three companies out of all four Household Comparables paid out dividends for their respective latest financial year. The dividend yields of these three Household Comparables ranged from approximately 7.63% to approximately 17.45%. However, the Company has not declared or paid any dividend for the year ended 31 March 2007. Accordingly, it would not be meaningful to assess the Offer Price using the dividend yield approach.

The premium/(discounts) of the closing share price on the Latest Practicable Date over/ (to) the net asset value per share of the Household Comparables ranged from a premium of approximately 300.62% to a discount of 18.73% whereas the Offer Price represents a premium of approximately 253.05% over the audited consolidated net asset value per Share as at 31 March 2007. We consider, given the limited sample size of the Household Comparables, the range of premium to discount represented by the closing price of the Household Comparables on the Latest Practicable Date to the latest published net asset value per share of the Household Comparables to be too wide to draw a conclusion on the fairness and reasonableness of the Offer Price.

Since none of the Household Comparables was the subject of general cash offer during the Review Period, we consider it not possible to draw a conclusion on the fairness and reasonableness of the Share Offer by just making comparison to the Household Comparables. In order to have a sizeable number of comparisons to assess the fairness and reasonableness of the Share Offer, we compared it with all general cash offers (the "Comparable Offers") of companies listed on the main board of the Stock Exchange which had made announcements during the Review Period regarding the general cash offers. Our findings on the Comparable Offers are summarized below:

Date of the offer document	Company	Principal business	Market capitalization as at the Latest Practicable Date (HK\$ million)	Offer price (HK\$)	Closing price as at the last trading day (HK\$)	Net asset value per share (HK\$)	Price earnings multiple (times)	Dividend yield (%)	Premium/ (discount) of Offer price over/(to) closing price as at the last trading day (%)	Premium/ (discount) of Offer price over/(to) the latest published net asset value per share (%)
19 Sep 07 (Note)	Artel Solutions Group Holdings Limited (Stock code: 931)	Distribution of computer components and information technology products, the provision of integrated e-enabling solutions	59.2	0.0386	0.037	N/A	N/A	0.0	4.32	Not applicable
16 Aug 07 (Note)	A-S China Plumbing Products Limited (Stock code: 8262)	Manufactures and distributes in the PRC a broad range of bathroom and kitchen fixtures and plumbing fittings under the plumbing products brand name of American Standard Inc.	493.9	3.31	2.38	5.64	45.98	0.0	(9.30)	(41.35)
21 Sep 07	Envic Energy Equipment Holdings Limited (Stock code: 3899)	Design, manufacture and sale of specialized gas equipment and providing integrated business solutions in the gas energy industry in the PRC	4,611.4	5.92	8.15	1.15	47.78	0.0	(27.36)	414.78
20 Sep 07	Yardway Group Limited (Stock code: 646)	Sale and distribution of vehicles and equipment covering most major transport sectors, including railway maintenance and airport ground support equipment, coaches and trucks. Also provide engineering services for coaches and trucks	437.1	0.5	0.69	0.38	N/A	0.0	(27.50)	31.60
19 Sep 07	Graneagle Holdings Limited (Stock code: 147)	Garment manufacture and trading	180.4	0.599	1.15	0.457	12.39	29.63	(47.91)	15.19
12 Sep 07	Macro-Link International Holdings Limited (Stock code: 472)	Production and distribution of wine	2,447.9	0.27	0.91	0.126	195.85	0.0	(70)	114
31 Aug 07	Rising Development Holdings Limited (Stock code: 1904)	Manufacture and sale of fur garments, and the sale of fur skins	728.7	0.92	1.13	0.5381	11.44	2.67	(18.6)	71.0
3 Aug 07	Gay Giara International Group Limited (Stock code: 686)	Manufacture, retail and wholesale of fashion apparel and complementary accessories, property investment and management services business	540.9	0.8334	0.265	0.241	N/A	0.0	214.49	220.5
19 Jul 07	Prosperity Investment Holdings Limited (Stock code: 210)	Holding of equity or equity-related investments and the provision of management services to these investee companies	168.5	0.135	0.305	0.58	17.41	0.0	(55.74)	(76.72)
19 Jul 07	China Pharmaceutical Group Limited (Stock code: 1093)	Manufacture and sale of pharmaceutical products	6,690.8	1.6715	1.74	1.71	427.15	0.0	(3.936)	(2.3)

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20 Jul 07	MAE Holdings Limited (Stock code: 851)	Manufacture and sale of electrical adapters, toroidal transformers, EI transformers and related accessories, plastic moulds and electrical products	122.1	0.2934	1.2	0.01	N/A	0.0	(76)	Not Applicable
29 Jun 07	Tatfook Securities Group Limited (Stock code: 665)	Broking and trading in securities, futures & bullion contracts and FX, provision of margin and other financing, corporate advisory, placing and underwriting, nominee and custodian, fund management and financial planning services	4,165.2	2.43	2.46	1.925	24.17	2.07	(1.219)	26.2
18 Jun 07	The Hong Kong Building and Loan Agency Limited (Stock code: 145)	Investment holding, provision of mortgage finance and other related services and treasury investments	787.5	1.478	2.3	1.03	69.87	0.0	(35.9)	43.2
13 Jun 07	Artfield Group Limited (Stock code: 1229)	Manufacturing and marketing of clocks and lighting products, the trading of metals and the provision of electroplating services	374.5	0.55	1.47	0.2	N/A	0.0	(62.6)	(2.65)
11 Jun 07	RBI Holdings Limited (Stock code: 566)	Manufacture, design and sale of children's toys	377.6	1.39	1.22	1.52	12.46	4.39	13.93	(8.6)
11 Jun 07	World Trade Bun Kee Limited (Stock code: 380)	Importing and selling of a comprehensive range of pipes, fittings and other related accessories of different materials, applications and brandnames in Hong Kong. Also engaged in warehouse business for a variety of products	1,475.3	1.85	3.15	1.41	24.88	49.18	(41.3)	31.2
4 Jun 07	Techtronic Industries Co. Ltd. (Stock code: 669)	Manufacture & trading of rechargeable power tools, floor care equipment, solar powered & electronic products, personal & health care products, kitchenware products	12,662.2	3.6	11.48	3.75	11.81	2.27	(68.64)	(4.0)
25 May 07	Asia Satellite Telecommunications Holdings Limited (Stock code: 1135)	Operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunications	6,055.7	16.0	16.5	11.33	13.34	2.26	(3.03)	41.22
14 May 07	Carico Holdings Limited (Stock code: 729)	Manufacturing and trading of automotive components, automotive telematics and the trading of electronics components	485.1	0.265	0.215	0.078	N/A	0.0	23.3	242.8
30 Mar 07	Linmark Group Limited (Stock code: 915)	Sales of merchandise (garment, labels and consumer electronic products) and provision of services (procurement service, value-added services relating to the procurement agency business)	543.4	1.05	0.93	0.91	N/A	5.31	12.9	15.4
22 Mar 07	Climax International Company Limited (Stock code: 439)	Manufacturing and trading of OEM paper products and house brand and agency products	392.6	0.10	0.25	0.36	N/A	0.0	(20)	(72.2)

Date of the offer document	Company	Principal business	Market capitalization as at the Latest Practicable Date (HK\$ million)	Offer price (HK\$)	Closing price as at the last trading day (HK\$)	Net asset value per share (HK\$)	Price earnings multiple (times)	Dividend yield (%)	Premium/ (discount) of Offer price over/(to) closing price as at the last trading day (%)	Premium/ (discount) of Offer price over/(to) the latest published net asset value per share (%)
6 Mar 07	Zhongtian International Limited (Stock code: 2379)	Provision of system integration services, development of customized software products, sale of software and hardware products and provision of maintenance and other services	196	0.10	0.175	0.372	N/A	0.0	(42.86)	(73.12)
12 Jan 07	Nority International Group Limited (Stock code: 660)	Manufacture and export of athletic, athletic-style leisure footwear, and golf shoes	4,750.2	0.412	0.47	0.342	N/A	11.69	(12.34)	20.5
11 Jan 07	New World Mobile Holdings Limited (Stock code: 862)	Operates technology-related businesses including mobile internet services in the PRC and other strategic investments in mobile telecommunications business	488.5	0.65	0.43	1.03	0.54	24	51.2	(36.9)
11 Dec 06	Fulbond Holdings Limited (Stock code: 1041)	Manufacture of wooden products for blackboard, particle board, furniture and plywood-based products and provision of integrated circuit design services	855.4	0.0078	0.02	0.0106	N/A	0.0	(61.0)	(26.2)
6 Dec 06	Coastopolitan International Holdings Limited (Stock code: 120)	Property development, investment in listed and unlisted securities and provision of information technology services	1,053.6	0.05	0.066	0.139	148.22	0.0	(41.86)	(64.02)
27 Nov 06	Hanny Holdings Limited (Stock code: 275)	Trading of securities, property investment and trading, holding of vessel for sand mining and other strategic investments	1,201.7	3.8	3.76	7.88	2.28	20	1.06	(51.78)
22 Nov 06	Asia Commercial Holdings Limited (Stock code: 104)	Trading and retailing of watches and property leasing	522.6	0.68	0.91	0.51	N/A	0.0	(25.3)	33.3
21 Nov 06	Apex Capital Limited (Stock code: 905)	Investment in listed and unlisted companies in Hong Kong and in the PRC	139.2	0.0695	0.074	0.046	N/A	0.0	(6.08)	51.09
9 Nov 06	Quality Healthcare Asia Limited (Stock code: 593)	Provision of a wide range of integrated healthcare services	857.8	3.25	3.9	0.769	13.17	6.96	(16.67)	322.63
31 Oct 06	AV Concept Holdings Limited (Stock code: 595)	Marketing and distribution of electronic components, and design, manufacture and original equipment manufacture of electronic products and internet appliances	241.7	0.53	0.49	1.03	N/A	0.0	8.2	(48.5)
26 Oct 06	CASH Retail Management Group Limited (Stock code: 996)	Operation of department store business and the provision of retail management services such as development planning and marketing advisory services	662.2	0.36	0.405	0.22	N/A	0.0	(11.11)	63.64
23 Oct 06	China Motion Telecom International Limited (Stock code: 989)	Provision of international telecommunication services, mobile communications services and distribution and retail chain	1,316.3	0.055	0.11	0.1002	18.31	0.0	(30.0)	(45.11)

Date of the offer document	Company	Principal business	Market capitalization as at the Latest Practicable Date (HK\$ million)	Offer price (HK\$)	Closing price as at the last trading day (HK\$)	Net asset value per share (HK\$)	Price earnings multiple (times)	Dividend yield (%)	Premium/(discount) of Offer price over/(to) the latest closing price as at the last trading day (%)	Premium/(discount) of Offer price over/(to) the latest published net asset value per share (%)
						Maximum	427.15	49.18	214.5	414.8
						Minimum	0.54	0	(76)	(76.7)
						Mean	60.9	4.9	41.2 (premium) (33.45) (discount)	103.4 (premium) (39.53) (discount)
	The Company		179.1	0.7414	7.20	0.21	13.29	0.0	(89.70)	253.05

Source: website of the Stock Exchange (www.hkex.com.hk)

Note: As at the Latest Practicable Date, since offer document of the relevant general offer had not yet been dispatched, date of the announcement of the general offer was used instead.

We are mindful of the fact that pricing of a cash offer may vary due to different factors, including but not limited to stock market conditions, industry, nature of business, size of companies, liquidity of shares, as well as among companies with different financial standings and business performance (including loss making companies and profit making companies). Nevertheless, we consider that a broader comparison of cash offers announced recently during the Review Period would provide a more general reference for the reasonableness of the pricing of the Share Offer.

We noted that 18 companies out of all the underlying companies of the Comparable Offers recorded profits for their respective latest financial years. The historical price-earnings multiples of these 18 companies of the Comparable Offers ranged from approximately 0.54 times to approximately 427.15 times with an average of approximately 60.9 times. The price-earnings multiple represented by the Offer Price of approximately 13.29 times is lower than the average price-earnings multiple of the Comparable Offers. In this regard, we are of the view that the Offer Price is not attractive to the Independent Shareholders.

We noted that 12 companies out of all the underlying companies of the Comparable Offers paid out dividends for their respective latest financial year. The dividend yields of these 12 companies of the Comparable Offers ranged from approximately 2.07% to approximately 49.18%. However, the Company has not declared or paid any dividend for the year ended 31 March 2007. Accordingly, it would not be meaningful to assess the Offer Price using the dividend yield approach.

The table above shows that a majority, i.e. 25 out of 33, of the Comparable Offers had the offer prices set at a discount to their respective closing prices as quoted on the last trading day prior to the date of the relevant announcements. The comparison ranges from a discount of approximately 76% to a premium of approximately 214.5% with the mean of the discount rate of approximately 34.5% (for Comparable Offers with discounted offer price to closing price as at the last trading day). The Offer Price of HK\$0.7414 represents a discount

of 89.70% to the closing price of the Shares as at the Last Trading Day, which falls beyond the range of comparison of the Comparable Offers and is even higher than the highest discount represented by the 33 Comparable Offers. Given the substantial discount represented by the Offer Price to prevailing market price of the Shares, we consider that the Offer Price is not attractive to the Independent Shareholders.

14 out of 33 Comparable Offers had the offer price set at discounts to the latest published net asset value prior to the publication of the announcements in relation to the offers whereas 17 Comparable Offers had the offer prices set at a premium over their respective latest published net asset value prior to the publication of the announcements in relation to the offers ranging from a discount of approximately 76.7% to a premium of approximately 414.78% and with a mean represented by a premium of approximately 103.4% (for the Comparable Offer with offer price set at premium to the latest published net asset value per share). The Offer Price of HK\$0.7414 represents a premium of 253.05% to the audited consolidated net asset value of approximately HK\$0.21 per Share as at 31 March 2007, which falls within the range of discount and premium represented by 33 Comparable Offers. In this aspect, the Offer Price appears to be attractive to the Independent Shareholders.

Background of the Offeror and its intention regarding the future of the Group

(a) Information on the Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Zhang. Save for entering into the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation and has no material assets and liabilities other than in respect of the amounts required to finance the Acquisition and the Offers. Mr. Zhang is the sole director of the Offeror.

(b) Intention of the Offeror

As stated in the "Letter from Baron Capital", it is the intention of the Offeror to continue the existing businesses of the Group. The Offeror intends to review and strengthen the financial position of the Group after the Offers close. Should any suitable investment or business opportunities arise, the Offeror may consider diversifying the business of the Group in order to broaden its income base. However, no such investment or business opportunities have been identified at this stage. At the Latest Practicable Date, the Offeror had no intention to dispose of any material assets and/or businesses of the Company. The Company, the Directors and the Offeror have undertaken to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that no less than 25% of the issue Shares will be held by the public. As such, we consider that there should not be any material changes on the business operations and the listing status of the Group immediately following the close of the Offers.

