

Compensation Procedure

Kong Tai International Holdings Company Limited

<u>Calculation for total outlays</u>	
	HK\$
General offer price per share	0.50
Average market value <i>(Note 1)</i>	(0.481)
General offer price subject to interest adjustment	<u>0.019</u>
No of eligible shares	467,150,307
General offer compensation after interest adjustment <i>(Note 2)</i>	0.0265
Estimated outlays	<u>12,379,483</u>

Notes:

1. A 42-day average closing price following 13 April 1994 (ie up to 26 May 1994) is HK\$0.481. A 42-day average is taken as the minimum offer period would have been 21 days for despatch of document and 21 days for closing.
2. Interest starts to run from 27 May 1994 to the day of payment (for the purpose of this appendix, the calculation is up to 26 June 1999) and is to be compounded quarterly (see attachment).

Attachment to Appendix 5

Interest rate adjustment for compensation price ("GO Price")

Interest on the GO Price runs from 27 May 1994 to the date of payment by Mr. Wong.
 For the purpose of this note the calculation is up to 26 June 1999.
 Interest is compounded at quarterly intervals and at 3 month HIBOR.
 Each quarter starts on the 27th day of the starting month.
 Interest rates used represent prevailing rates on such days.

GO Price	Rate	Starting month	No. of Days	Interest
0.01900	4.7266	May-94	92	0.000226
0.019226359	4.9531	Aug-94	92	0.00024
0.019466391	5.8125	Nov-94	92	0.000285
0.019751587	6.5547	Feb-95	89	0.000316
0.02006727	6.1797	May-95	92	0.000313
0.020379843	6.25	Aug-95	92	0.000321
0.020700895	5.9688	Nov-95	92	0.000311
0.021012333	5.2031	Feb-96	90	0.000270
0.021281912	5.375	May-96	92	0.000288
0.021570238	5.5391	Aug-96	92	0.000301
0.021871392	5.5469	Nov-96	92	0.000306
0.022177181	5.7135	Feb-97	89	0.000309
0.022486144	6.1667	May-97	92	0.00035
0.022835656	7.4091	Aug-97	92	0.000426
0.023262112	9.8646	Nov-97	92	0.000578
0.023840506	7.2656	Feb-98	89	0.000422
0.024262867	8.0972	May-98	92	0.000495
0.024758057	13.6985	Aug-98	92	0.000855
0.025612896	5.8993	Nov-98	92	0.000381
0.025993746	6.2697	Feb-99	89	0.000397
0.026391133	5.43924	May-99	31	0.000122
Adjusted GO Price up to 26 June 1999				0.026513