

*The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the property interests of the Group as at 28 February 2009.*



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The Directors  
China Zhongwang Holdings Limited  
299 Wensheng Road  
Liaoyang  
Liaoning Province  
PRC

24 April 2009

Dear Sirs,

In accordance with your instructions for us to value the properties in which China Zhongwang Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 28 February 2009 (the "date of valuation") for inclusion in an Initial Public Offer Document.

Our valuation of each of the property interests is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management

agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation, we have assumed that transferable land use rights in respect of the properties in the PRC for respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the grantees of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

In valuing the property interests in Group I, which are held and occupied by the Group in the PRC, due to the nature of the buildings and structures were constructed, there are no readily identifiable market comparables, and the buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement costs. We would define “depreciated replacement cost” to be our opinion of the land value in its existing use and an estimate of the new replacement costs of the buildings and structures, including professional fees and finance charges, from which deductions are then made to allow for age, condition and functional obsolescence. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on market sales.

In valuing the property interests in Group II, which are held under development by the Group in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the Group’s latest development proposals provided to us and by depreciated replacement cost approach with regard to their prevailing cost levels and status of construction as at the date of valuation. We have also assumed that all consents, approvals and licences from the relevant government authorities for the development have been granted without any onerous conditions or undue delay.

In valuing the property interest in Group III, which is leased by the Group in the PRC, we have assigned no commercial value to the property, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to lack of substantial profit rent.

We have been provided by the Group with copies of extract of title documents relating to the properties in the PRC. However, we have not inspected the original documents to ascertain the existence of 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 advisor on PRC laws, Commerce & Finance Law Offices, regarding the titles to the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to our valuation. We have also sought confirmation from the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any of the property interests valued 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 valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

Unless otherwise stated, all money amounts stated in this report are in Renminbi (RMB).

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,  
For and on behalf of  
**Savills Valuation and Professional Services Limited**  
**Charles C K Chan**  
MSc FRICS FHKIS MCIArb RPS(GP)  
*Managing Director*

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*Note:* Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCIArb, RPS(GP), has about 24 years' experience in the valuation of properties in Hong Kong and 19 years' experience in the valuation of properties in the PRC.

## SUMMARY OF VALUES

**Group I – Property interests held and occupied by the Group in the PRC**

<b>No.</b>	<b>Property</b>	<b>Capital value in existing state as at 28 February 2009</b>
1.	An industrial complex located at Wensheng Road, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB376,100,000
2.	An industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB200,800,000
3.	An industrial complex located at the western side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB16,100,000
		Sub-total: RMB593,000,000

**Group II – Property interests held under development by the Group in the PRC**

4.	A proposed industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB9,100,000
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No.	Property	Capital value in existing state as at 28 February 2009
5.	A proposed industrial complex located at the eastern side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB88,100,000
6.	A proposed industrial complex located at Xujiatun Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB167,400,000
7.	A proposed industrial complex located at the northern side of Xinghuo Street, Hongwei District, Liaoyang, Liaoning Province, PRC	RMB39,000,000
		Sub-total: <u>RMB303,600,000</u>

**Group III – Property interest leased by the Group in the PRC**

8.	Portion of 9th Floor, Huaxia Bank Building, 22 Jianguomun Outer Street, Dongcheng District, Beijing, PRC	No commercial value
		Sub-total: <u>Nil</u>
		Grand-total: <u><u>RMB896,600,000</u></u>

## VALUATION CERTIFICATE

## Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
1.	An industrial complex located at Wensheng Road, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 299,258.70 sq.m. (3,221,221 sq.ft.) on which 100 buildings and structures completed in various stages between 1994 and 2007 are erected.</p> <p>The buildings mainly include workshops, warehouses, dormitories, offices and canteens, etc.</p> <p>The total gross floor area of the property is approximately 184,095.38 sq.m. (1,981,603 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 12 July 2053 for industrial uses.</p>	The property is occupied by the Group for storage, production, office and dormitory uses.	RMB376,100,000

## Notes:

1. Pursuant to 2 State-owned Land Use Certificates – Liao Hong Guo Yong (2008) Zi No. 104700048-1 and Liao Hong Guo Yong (2008) Zi No. 104700048-2 both issued by State-owned Land Resources Bureau of Liaoyang, Hongwei Branch on 14 August 2008, the land use rights of 2 parcels of land with a total site area of 299,258.70 sq.m. were granted to Liaoning Zhongwang Group Co., Ltd. ("Zhongwang PRC") for a term expiring on 12 July 2053 for industrial uses.
2. Pursuant to 100 Building Ownership Certificates all issued by Real Estate Administration of Liaoyang, the building ownership of the property with a total gross floor area of 184,095.38 sq.m. is held by the Zhongwang PRC.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights and the building ownerships of the property are legally held by the Group;
  - (iii) portion of the property is subject to mortgages whilst the remaining portion of the property is free from any mortgages and third party encumbrances; and
  - (iv) the Group has the right to transfer, lease, mortgage or dispose of the property except the mortgaged portion which requires the consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
2.	An industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 203,918.50 sq.m. (2,194,979 sq.ft.) on which 13 buildings and structures completed in various stages between 2006 and 2007 are erected.</p> <p>The total gross floor area of the property is approximately 69,442.68 sq.m. (747,481 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 20 June 2049 for industrial uses.</p>	The property is occupied by the Group for production and ancillary uses.	RMB200,800,000

## Notes:

1. Pursuant to 2 State-owned Land Use Certificates – Liao Hong Guo Yong (2005) Zi No. 104900068 and Liao Hong Guo Yong (2006) Zi No. 104700041 both issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 20 December 2005 and 27 November 2006 respectively, the land use rights of the property with a total site area of 203,918.50 sq.m. were granted to Zhongwang PRC for terms expiring on 20 June 2049 and 20 November 2056 for industrial uses.
2. Pursuant to 13 Building Ownership Certificates all issued by Real Estate Administration of Liaoyang, the building ownership of the property with a total gross floor area of 69,442.68 sq.m. is held by Zhongwang PRC.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights and the building ownership of the property are legally held by the Group;
  - (iii) portion of the property is subject to mortgages whilst the remaining portion of the property is free from any mortgages and third party encumbrances; and
  - (iv) the Group has the right to transfer, lease, mortgage or dispose of the property except the mortgaged portion which requires consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
3.	An industrial complex located at the western side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 3,147.00 sq.m. (33,874 sq.ft.) on which a 6-storey office building completed in 2006 is erected.</p> <p>The gross floor area of the property is approximately 7,024.84 sq.m. (75,615 sq.ft.).</p> <p>The land use rights of the property were granted for a term expiring on 19 July 2049 for industrial uses.</p>	The property is occupied by the Group for office use.	RMB16,100,000

## Notes:

1. Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2004) Zi No. 104700013 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 23 December 2004, the land use rights of a parcel of land with a site area of 3,147.00 sq.m. were granted to Zhongwang PRC for a term expiring on 19 July 2049 for industrial uses.
2. Pursuant to a Building Ownership Certificate – Liao Shi Zi No. 00176558 issued by Real Estate Administration of Liaoyang, the building ownership of the property with a gross floor area of 7,024.84 sq.m. is held by Zhongwang PRC.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the land grant premium of the property has been settled in full;
  - (ii) the land use rights and the building ownership of the property are legally held by the Group;
  - (iii) the property is free from any mortgages and third party encumbrances; and
  - (iv) the Group has the right to transfer, lease, mortgage or dispose of the property.



## VALUATION CERTIFICATE

## Group II – Property Interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
4.	A proposed industrial complex located at Dadabai Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 98,333.00 sq.m. (1,058,456 sq.ft.) on which a single-storey workshop is being constructed.</p> <p>Upon completion, the gross floor area of the proposed building will be approximately 7,957.97 sq.m. (85,660 sq.ft.).</p> <p>The proposed building is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 20 June 2049 for industrial uses.</p>	The property is under construction.	RMB9,100,000

## Notes:

- Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2005) Zi No. 104900068 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 20 December 2005, the land use rights of a parcel of land with a site area of 98,333.00 sq.m. were granted to Zhongwang PRC for a term expiring on 20 June 2049 for industrial uses.
- Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2005) No. 73 issued by Planning Bureau of Liaoyang, the construction works of the property with a site area of approximately 195,866.00 sq.m. has been approved for construction on the land of the property.
- Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (Gong) (2007) No. (57) issued by Planning Bureau of Liaoyang, the property with a planned gross floor area of approximately 7,957.97 sq.m. has been approved for construction.
- Pursuant to a Construction Works Commencement Permit – 211002200708050101 issued by Planning Bureau of Liaoyang, the construction works of the property with a planned gross floor area of approximately 7,957.97 sq.m. have been permitted by the relevant local authority to commence.
- As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB6,100,000 in which approximately RMB3,600,000 was spent as at the date of valuation.
- In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB15,100,000.
- In the course of our valuation, the underlying land with a site area of approximately 98,333.00 sq.m. has been valued in Property No. 2, thus, we have excluded the valuation of the land in this property.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - the land grant premium of the property has been settled in full;
  - the land use rights of the property are legally held by the Group;
  - the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - portion of the property is subject to mortgages in favor of Guangdong Development Bank, Dalian Branch;
  - another portion of the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch whilst the remaining portion of the property is free from any mortgages and encumbrances; and
  - the Group has the right to transfer, lease, mortgage or dispose of the property except the mortgaged portion which requires consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
5.	A proposed industrial complex located at the eastern side of Hongwei Road, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 47,996.51 sq.m. (516,634 sq.ft.) on which two single-storey workshops, a 2-storey ancillary building and structures are being constructed.</p> <p>Upon completion, the total gross floor area of the proposed development will be approximately 40,495.13 sq.m. (435,890 sq.ft.).</p> <p>The proposed development is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 20 February 2054 for industrial uses.</p>	The property is under construction.	RMB88,100,000

## Notes:

- Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2004) Zi No. 104700031 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang on 24 December 2004, the land use rights of the property with a site area of 47,996.51 sq.m. were granted to Zhongwang PRC for a term expiring on 20 February 2054 for industrial uses.
- Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2005) No. 86 issued by Planning Bureau of Liaoyang, the construction works of the property with a site area of approximately 47,996.50 sq.m. has been approved for construction on the land of the property.
- Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (Gong) (2006) No. (12) issued by Planning Bureau of Liaoyang, the property with a total planned gross floor area of approximately 40,495.13 sq.m. has been approved for construction.
- Pursuant to 3 Construction Works Commencement Permits – 211002200604170101, 211002200604170201 and 211002200604170301 all issued by Chengxiang Construction Committee of Liaoyang, the construction works of the property with a total planned gross floor area of approximately 40,495.13 sq.m. have been permitted by the relevant local authority to commence.
- As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB30,000,000 in which approximately RMB18,400,000 was spent as at the date of valuation.
- In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB100,900,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - the land grant premium of the property has been settled in full;
  - the land use rights of the property are legally held by the Group;
  - the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch; and
  - the Group has the right to transfer, lease, mortgage or dispose of the property after obtaining consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
6.	A proposed industrial complex located at Xujiatun Village, Shuguang Town, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 142,597.80 sq.m. (1,534,923 sq.ft.) on which three single-storey workshops and structures are being constructed.</p> <p>Upon completion, the total gross floor area of the proposed development will be approximately 72,452.47 sq.m. (779,878 sq.ft.). The proposed development is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 15 April 2053 for industrial uses.</p>	The property is under construction.	RMB167,400,000

## Notes:

- Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2005) Zi No. 104700008 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang, the land use rights of the property with a site area of 142,597.80 sq.m. were granted to Zhongwang PRC for a term expiring on 15 April 2053 for industrial uses.
- Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2005) No. 4 issued by Planning Bureau of Liaoyang, the construction works of the property with a site area of approximately 142,597.84 sq.m. has been approved for construction on the land of the property.
- Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (2005) No. 4 issued by Planning Bureau of Liaoyang, the property with a total planned gross floor area of approximately 72,452.47 sq.m. has been approved for construction.
- Pursuant to 3 Construction Works Commencement Permits – 211002200505160201, 211002200505160301 and 211002200505160401 all issued by Chengxiang Construction Committee of Liaoyang, the construction works of the property with a total planned gross floor area of approximately 72,452.47 sq.m. have been permitted by the relevant local authority to commence.
- As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB57,700,000 in which approximately RMB26,700,000 was spent as at the date of valuation.
- In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB202,500,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - the land grant premium of the property has been settled in full;
  - the land use rights of the property are legally held by the Group;
  - the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch; and
  - the Group has the right to transfer, lease, mortgage or dispose of the property after obtaining consents from the mortgagee.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
7.	A proposed industrial complex located at the northern side of Xinghuo Street, Hongwei District, Liaoyang, Liaoning Province, PRC	<p>The property comprises a parcel of land with a site area of approximately 23,822.50 sq.m. (256,425 sq.ft.) on which a single-storey workshop is being constructed.</p> <p>Upon completion, the gross floor area of the proposed development will be approximately 17,823.07 sq.m. (191,848 sq.ft.). The proposed development is scheduled to be completed in 2009.</p> <p>The land use rights of the property were granted for a term expiring on 15 June 2057 for industrial uses.</p>	The property is under construction.	RMB39,000,000

## Notes:

- Pursuant to a State-owned Land Use Certificate – Liao Hong Guo Yong (2007) Zi No. 104700042 issued by Planning and State-owned Land Resources Bureau of Hongwei District, Liaoyang, the land use rights of the property with a site area of 23,822.50 sq.m. were granted to Zhongwang PRC for a term expiring on 15 June 2057 for industrial uses.
- Pursuant to a Construction Land Planning Permit – Liao Shi Gui Guan (2007) No. 42 issued by Planning Bureau of Liaoyang, the construction works of the property with a total planned gross floor area of approximately 142,597.84 sq.m. has been approved for construction on the land of the property.
- Pursuant to a Construction Works Planning Permit – Liao Shi Gui Guan (Gong) (2007) No. (85) issued by Planning Bureau of Liaoyang, the property with a planned gross floor area of approximately 17,823.07 sq.m. has been approved for construction.
- Pursuant to a Construction Works Commencement Permit – 211002200709120101 issued by Chengxiang Construction Committee of Liaoyang, the construction works of the property with a planned gross floor area of approximately 17,823.07 sq.m. have been permitted by the relevant local authority to commence.
- As advised by the Group, the estimated total construction cost for the completion of the proposed development is approximately RMB14,200,000 in which approximately RMB13,300,000 was spent as at the date of valuation.
- In our opinion, the market value of the proposed development as if completed as at 28 February 2009 is approximately RMB47,200,000.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisor, which contains, *inter alia*, the following information:
  - the land grant premium of the property has been settled in full;
  - the land use rights of the property are legally held by the Group;
  - the Group has obtained all the necessary permits/approvals for the construction works of the property and has no legal impediment to obtain the relevant Building Ownership Certificates after completion;
  - the property is subject to a mortgage in favor of Huaxia Bank, Dalian Branch; and
  - the Group has the right to transfer, lease, mortgage or dispose of the property after obtaining consents from the mortgagee.

## VALUATION CERTIFICATE

## Group III – Property interest leased by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2009
8.	Portion of 9th Floor, Huaxia Bank Building, 22 Jianguomun Outer Street, Dongcheng District, Beijing, PRC	<p>The property comprises portion of 9th floor of a 22-storey office building completed in 2004.</p> <p>The gross floor area of the property is approximately 162.00 sq.m. (1,744 sq.ft.) (2,437.44 sq.m. as from 1 March 2009).</p> <p>As per the lease agreement (the “original lease agreement”), the property is leased to Liaoning Zhongwang Group Co., Ltd. (“Zhongwang PRC”) from Chengwang Renhe Commercial and Trading Co., Ltd. (成旺人和商贸有限公司) (“Chengwang Renhe”) for a term commencing on 13 February 2008 and expiring on 12 November 2010 at an annual rental of RMB291,600. Chengwang Renhe has leased the property from Huaxia Bank Co., Ltd. (“Huaxia Bank”) and sub-leased to Zhongwang PRC. The original lease agreement was superseded by a new tenancy agreement (see Note 2) and has become invalid since 1 March 2009.</p>	The property is occupied by the Group for office use.	No commercial value

## Notes:

1. The lessee, Zhongwang PRC, is a wholly-owned subsidiary of the Company.
2. Pursuant to a tenancy agreement (the “new tenancy agreement”) entered into between Huaxia Bank and Zhongwang PRC on 26 February 2009, Huaxia Bank has agreed to lease a premises located at 9th Floor, Huaxia Bank Building, 22 Jianguomun Outer Street, Dongcheng District, Beijing with a gross floor area of approximately 2,437.44 sq.m. (including the property) to Zhongwang PRC for a term commencing on 1 March 2009 and expiring on 29 February 2012 at an annual rental of RMB4,487,392.
3. We have been provided with a legal opinion on the legality of the new tenancy agreement issued by the Group’s PRC legal advisor, which contains, *inter alia*, the following information:
  - (i) the building ownership of the property is legally held by Huaxia Bank, Huaxia Bank has the right to lease the property to the lessee;
  - (ii) the new tenancy agreement is valid and legal binding; and
  - (iii) the new tenancy agreement has not been registered but this will not affect the validity of such tenancy agreement under the PRC laws.