
APPENDIX III

PROPERTY VALUATION

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation of this document received from Greater China Appraisal Limited, an independent valuer, in connection with their valuations of the property interests of the Group as at [●] 2009:

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

[[●] 2009]

The Directors
Hing Lee (HK) Holdings Limited
Unit 1101, 11th Floor
Delta House
3 On Yiu Street
Shatin
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests of Hing Lee (HK) Holdings Limited (“the Company”) and its subsidiaries (together referred to as “the Group”) in the People’s Republic of China (“the PRC”) and Hong Kong, we confirm that we have carried out inspections, made relevant enquires and obtained such further information as we consider necessary for the purpose of providing the market value of such properties as at [31 March 2009] (referred to as the “valuation date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, titlehip of properties and the limiting conditions.

BASIS OF VALUATION

The valuation of such properties is our opinion of the 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”.

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VALUATION METHODOLOGY

[Unless otherwise stated, all properties are valued by the comparison method where comparison based on prices realized or market prices of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.]

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the properties in an open market in their existing states without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to increase the value of the properties.

For properties that are held under long term land use rights, we have assumed that the owners of the properties have free and uninterrupted rights to use or transfer the properties for the whole of the unexpired term of the respective land use rights. In our valuation, we have assumed that the properties can be freely disposed of and transferred to third parties in an open market without any additional payment to the relevant government authorities. Unless otherwise stated, vacant possession is assumed for the properties concerned.

We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected thereon have been granted. Also, we have assumed that all buildings and structures fall within the site are held by the owner or permitted to be occupied by the owner.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the appraisal report. Moreover, it is assumed that the utilization of the land and improvements is within the boundaries of the site held by the owner or permitted to be occupied by the owner. In addition, we have assumed that no encroachment or trespass exists, unless noted in the report.

No environment impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental laws, rules and regulations is assumed. It is also assumed that all required licences, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

Other special assumptions of each property, if any, have been stated out in the footnotes of the valuation certificates for the respective properties.

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TITLE INVESTIGATION

We have been provided with copies of title documents regarding the property interests of the Group in the PRC under valuation. However, due to the current registration system of the PRC, no investigations have been made for the legal title or any liabilities attached to the properties.

We have been provided with copies of tenancy agreements of the properties leased by the Group. However, we have not inspected the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copies handed to us.

As far as the properties in the PRC concerned, we have relied upon the legal opinions given by Zhong Xin Law Firm Shanghai Branch (the "PRC Lawyer") in relation to the legal title to the properties located in the PRC under valuation.

All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the properties set out in this report.

LIMITING CONDITIONS

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the relevant properties but have assumed that the areas shown on the legal documents provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for any property development. Our valuation is made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

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We do not investigate any industrial safety, environmental and health related regulations in association with any particular manufacturing process of the Group. It is assumed that all necessary licences, procedures and measures were implemented in accordance with government legislation and guidance.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals, statutory notices, easements, tenure, occupation, lettings, construction costs, rentals, site and floor areas and in the identification of the property in which the Group has valid interests. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the properties 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 of encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

For properties that are located in a relatively under-developed market, the PRC, assumptions are often based on imperfect market evidence. A range of values may be attributable to the properties depending upon the assumptions made. While the valuer has exercised his professional judgment in arriving at the values, report readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

OPINION OF VALUE

Valuation figures of the properties held by the Group are shown in the attached summary of valuation and their respective valuation certificates.

For properties that are leased by the Group from independent third parties under tenancy agreements, they have no commercial value due to inclusion of non-alienation clause or otherwise due to lack of substantial profit rent.

REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In valuing the properties, we have complied with the requirements contained in the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors and effective from 1 January 2005.

Valuation figures of the properties in the PRC and Hong Kong are denominated in Renminbi (RMB) and Hong Kong Dollars (HK\$) respectively.

We enclose herewith the summary of valuation and the valuation certificates.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED
K. K. Ip *BLE LLD*
Chartered Valuation Surveyor
Registered Professional Surveyor
Managing Director

Note: Mr. K. K. Ip, who is a chartered valuation surveyor and registered professional surveyor, has substantial experience in valuation of property in the PRC and Hong Kong since 1992.

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SUMMARY OF VALUATION

No. Property **Market value as at**
[31 March 2009]
(RMB)

Group I – Property interests held by the Group in the PRC

- | | | |
|----|---|-----------------------|
| 1. | Land Lot G14309-0285
Kengzi Town
Longgang Industrial Area
Longgang District
Shenzhen
Guangdong Province
The PRC | [No commercial value] |
| 2. | Land Lot G14310-0206
Kengzi Town
Longgang Industrial Area
Longgang District
Shenzhen
Guangdong Province
The PRC | [No commercial value] |

Sub-total: [No commercial value]

Group II – Property interests leased by the Group in the PRC

- | | | |
|----|---|-----------------------|
| 3. | Levels 1, 2 and 4
Block 2
Longbi Industrial City
Bantian
Longgang District
Shenzhen
Guangdong Province
The PRC | [No commercial value] |
|----|---|-----------------------|

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No.	Property	Market value as at [31 March 2009] (RMB)
4.	Levels 1 to 6 Block 3 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]
5.	Levels 2, 5 and 6 Block 11 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]
6.	Units 601-632 and 709-712 Block 20 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]
7.	Units 716-717 Block 22 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]

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No. Property	Market value as at [31 March 2009] (RMB)
8. East wing of Level 3 Block C5 Zhonghao Industrial City Xuexiang Village Bantian Road Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]
9. Factory building, office building, dormitory building, canteen building, open space and ancillary facilities at Xuexiang Garden New Village Buji County Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]
10. Warehouse at Xuexiang Garden New Village Buji County Longgang District Shenzhen Guangdong Province The PRC	[No commercial value]
11. Factory building and dormitory building at Yuanshanbei Village Changping County Dongguan Guangdong Province The PRC	[No commercial value]
Sub-total:	<hr/> [No commercial value]

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No. Property **Market value as at**
[31 March 2009]
(HK\$)

Group III – Property interests leased by the Group in Hong Kong

12. Unit 1101, 11/F [No commercial value]
Delta House
3 On Yiu Street
Shatin, New Territories
Hong Kong

Sub-total: [No commercial value]

Total: [No commercial value]

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VALUATION CERTIFICATE

Group I – Property interests held by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value as at [31 March 2009] (RMB)															
1.	Land Lot G14309-0285 Kengzi Town Longgang Industrial Area Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises a land parcel (the “Land”) with an area of approximately 43,817.36 square metres, which will be developed into an industrial area for furniture manufacturing.</p> <p>As advised by the Company, 3 buildings (the “Buildings”) which comprise a factory building, an administration and dormitory building and a warehouse with a total planned gross floor area of approximately 38,869.34 square metres will be built on the Land. Detailed breakdown is as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Building</th> <th style="text-align: center;">No. of storey</th> <th style="text-align: right;">Gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Factory</td> <td style="text-align: center;">3</td> <td style="text-align: right;">29,965.54</td> </tr> <tr> <td>Administration/ Dormitory</td> <td style="text-align: center;">8</td> <td style="text-align: right;">8,798.80</td> </tr> <tr> <td>Warehouse</td> <td style="text-align: center;">1</td> <td style="text-align: right;"><u>105.00</u></td> </tr> <tr> <td>Total:</td> <td></td> <td style="text-align: right;"><u><u>38,869.34</u></u></td> </tr> </tbody> </table> <p>Construction of the Buildings has been commenced in 2008 and is expected to be completed in [June 2009].</p> <p>The land use rights of the Land have been granted to the Group for a term of 50 years from 29 June 2007 to 28 June 2057 for industrial use.</p>	Building	No. of storey	Gross floor area (sq.m.)	Factory	3	29,965.54	Administration/ Dormitory	8	8,798.80	Warehouse	1	<u>105.00</u>	Total:		<u><u>38,869.34</u></u>	<p>Superstructure of the factory buildings and the dormitory buildings has been completed, and internal renovation and installation of building services are being carried out.</p>	<p>[No commercial value] (see note v)</p>
Building	No. of storey	Gross floor area (sq.m.)																	
Factory	3	29,965.54																	
Administration/ Dormitory	8	8,798.80																	
Warehouse	1	<u>105.00</u>																	
Total:		<u><u>38,869.34</u></u>																	

Notes:

- (i) According to a Real Estate Ownership Certificate (Shen Fang Di Zi No. 8000007396) dated 20 September 2007 issued by 深圳市人民政府 (the People’s Government of Shenzhen), the land use rights of the Land was granted to Shenzhen Xingli Furniture Company Limited (“Shenzhen Xingli”, a wholly-owned subsidiary of the Company) for a term of 50 years commencing from 29 June 2007 and expiring on 28 June 2057 for industrial use.

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- (ii) According to a 深圳市土地出讓合同 (Shenzhen Land Use Rights Agreement) (Shen Di He Zi (2007) No. 5058) entered into between Shenzhen Xingli and 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Housing Management) dated 29 June 2007, the land use rights of the Land was agreed to be granted to Shenzhen Xingli at a total consideration of RMB22,593,085 which includes land premium, land development fee and municipal facilities fee. The land use conditions are as follows:
- (a) Land use: Industrial
 - (b) Land use rights term: 50 years commencing from 29 June 2007 and expiring on 28 June 2057
 - (c) Type of buildings: Industrial
 - (d) Construction density: not more than 40%
 - (e) Plot ratio: not more than 1.70
 - (f) Total gross floor area: 74,490 square metres (including 63,863 square metres for factory, 1,667 square metres for administration office, 7,760 square metres for dormitory and 1,200 square metres for canteen)
 - (g) Green land ratio: not less than 30%
 - (h) Land for administration and dormitory facilities should not be more than 7% of the total land area
 - (i) The construction work should be completed before 28 June 2009
 - (j) Transferring or leasing of the Land is not allowed. 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Housing Management) has the right to resume the land use rights if Shenzhen Xingli does not use the Land for industrial purpose.
- (iii) Shenzhen Xingli has obtained a 中華人民共和國建築工程施工許可證 (Construction Work Commencement Permit) (No. 44030720080502101) dated 21 May 2008 and 3 sets of 建設工程規劃許可證 (Construction Work Planning Approval) (Shen Gui Jian Xu Zi LG-2008-0079, 0080 and 0081) dated between 12 March 2008 and 13 March 2008 by which Shenzhen Xingli is allowed to construct a factory building, a dormitory building and a warehouse with planned gross floor area of 29,965.54 square metres, 8,798.80 square metres and 105 square metres respectively on the Land.
- (iv) According to the 深圳市土地出讓合同 (Shenzhen Land Use Rights Agreement), the construction work should be completed before 28 June 2009. Shenzhen Xingli will be subject to a fine of 5%, 10% and 15% of the total consideration if the construction work is not completed for a period less than 6 months, for a period from 6 months to 1 year and for a period from 1 year to 2 years respectively after 28 June 2009, or the Land will be resumed by 深圳市國土資源和房產管理局 (Shenzhen Municipal of Land Resources and Housing Management) if the construction work is not completed 2 years after 28 June 2009.
- (v) The property is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited Shenzhen Branch for a banking facility of RMB70,000,000.
- (vi) Due to the non-transferability of the property, we have assigned no commercial value to the property. For reference purpose, assuming free from all encumbrances, the replacement cost of the property as at the valuation date is approximately RMB[87,000,000] which has taken into account the incurred cost of construction-in-progress of approximately RMB58,000,000 reflecting the physical state of construction on site as at the valuation date.
- (vii) Opinions of the PRC Lawyer are summarized as follows:
- (a) In respect of the Land, Shenzhen Xingli is in possession of a Real Estate Ownership Certificate by which the land use rights of the Land have been granted to Shenzhen Xingli for a term of 50 years from 29 June 2007 to 28 June 2057 for industrial use. However, in accordance with a condition of the contract for grant of land use rights of the Land, the land use rights of the Land are not allowed to be transferred or leased.
 - (b) In respect of the Buildings planned to be built, Shenzhen Xingli has obtained 3 Construction Work Planning Approval.
 - (c) The consideration payable under the State-owned Land Use Rights Grant Contract has been settled in full.
 - (d) The property is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited Shenzhen Branch. The mortgage is legal and valid.

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No.	Property	Description and tenure	Particulars of occupancy	Market value as at [31 March 2009] (RMB)
2.	Land Lot G14310-0206 Kengzi Town Longgang Industrial Area Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises a land parcel (the "Land") with an area of approximately 41,064.83 square metres, which will be developed into an industrial area for furniture manufacturing.</p> <p>As advised by the Company, 3 buildings (the "Buildings") which comprise 2 factory buildings and a dormitory building with a total planned gross floor area of approximately 34,443.96 square metres will be built on the Land. Detailed breakdown is as follows:</p>	<p>Construction work has been suspended after the foundation reinforcement work of factory no. 1 has completed. The property is currently vacant.</p>	<p>[No commercial value] (see note iv)</p>

Building	No. of storey	Gross floor area (sq.m.)
Factory no. 1	3	25,139.20
Dormitory	8	6,577.16
Factory no. 4	1	<u>2,727.60</u>
Total:		<u><u>34,443.96</u></u>

Foundation reinforcement work of factory no. 1 has been completed in 2008. Further construction work has been suspended pending completion of public road works near the Land. As planned by the Company, construction work of the Buildings will be resumed before June 2010 and completed before mid-2011.

The land use rights of the Land have been granted to the Group for a term of 50 years from 29 June 2007 to 28 June 2057 for industrial use.

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Notes:

- (i) According to a Real Estate Ownership Certificate (Shen Fang Di Zi No. 8000007712) dated 30 January 2008 issued by 深圳市人民政府 (the People's Government of Shenzhen), the land use rights of the Land was granted to Shenzhen Xingli Zundian Furniture Company Limited ("Shenzhen Xingli Zundian", a wholly-owned subsidiary of the Company) for a term of 50 years commencing from 29 June 2007 and expiring on 28 June 2057 for industrial use.
- (ii) According to a 深圳市土地出讓合同 (Shenzhen Land Use Rights Agreement) (Shen Di He Zi (2007) No. 5057) entered into between Shenzhen Xingli Zundian and 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Housing Management) dated 29 June 2007, the land use rights of the Land was agreed to be granted to Shenzhen Xingli Zundian at a total consideration of RMB21,094,404 which includes land premium, land development fee and municipal facilities fee. The land use conditions are as follows:
 - (a) Land use: Industrial
 - (b) Land use rights term: 50 years commencing from 29 June 2007 and expiring on 28 June 2057
 - (c) Type of buildings: Industrial
 - (d) Construction density: not more than 40%
 - (e) Plot ratio: not more than 1.80
 - (f) Total gross floor area: 73,917 square metres (including 62,829 square metres for factory, 4,408 square metres for administration office, 5,470 square metres for dormitory and 1,210 square metres for canteen)
 - (g) Green land ratio: not less than 30%
 - (h) Land for administration and dormitory facilities should not be more than 7% of the total land area
 - (i) The construction work should be completed before 28 June 2009
 - (j) Transferring or leasing of the Land is not allowed. 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Housing Management) has the right to retract the land grant if Shenzhen Xingli Zundian does not use the Land for industrial purpose.
- (iii) Shenzhen Xingli Zundian has obtained 3 sets of Construction Work Planning Approval (Shen Gui Jian Xu Zi LG-2008-0083, 0084 and 0085) dated 13 March 2008 by which Shenzhen Xingli Zundian is allowed to construct factory no. 1, a dormitory building and factory no. 4 with planned gross floor area of 25,139.20 square metres, 6,577.16 square metres and 2,727.60 square metres respectively on the Land.
- (iv) Shenzhen Xingli Zundian has obtained a Construction Work Commencement Permit (No. 44030720080603201) dated 27 June 2008 by which Shenzhen Xingli Zundian is allowed to commence the foundation reinforcement work of the factory building.
- (v) According to the 關於延長G14310-0206號宗地的開發期限的批覆函 (Extension Approval of Development Deadline for Land Lot G14310-0206) (Shen Guo Fang Long Han (2008) No. 804) issued by 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Building Housing Management) Longguan District on 13 August 2008, Shenzhen Xingli Zundian should commence the construction work before 26 October 2008 and complete the construction work before 26 October 2009. In case of delay, Shenzhen Xingli Zundian will be subject to a fine of 5%, 10% and 15% of the total consideration if the construction work is not completed for a period less than 6 months, for a period from 6 months to 1 year and for a period from 1 year to 2 years respectively after 26 October 2009, or the Land will be resumed by 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Building Housing Management) if the construction work is not completed 2 years after 26 October 2009.

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- (vi) Due to the non-transferability of the property, we have assigned no commercial value to the property. For reference purpose, assuming free from all encumbrances, the replacement cost of the property as at the valuation date is approximately RMB[27,000,000].
- (vii) Opinions of the PRC Lawyer are summarized as follows:
 - (a) In respect of the Land, Shenzhen Xingli Zundian is in possession of a Real Estate Ownership Certificate by which the land use rights of the Land have been granted to Shenzhen Xingli Zundian for a term of 50 years from 29 June 2007 to 28 June 2057 for industrial use. However, in accordance with a condition of the contract for grant of land use rights of the Land, the land use rights of the Land are not allowed to be transferred or leased.
 - (b) According to the land use conditions of the State-owned Land Use Rights Grant Contract, Shenzhen Xingli Zundian is required to complete construction work before 28 June 2009. Shenzhen Xingli Zundian has further obtained an Extension Approval of Development Deadline for Land Lot G14310-0206 issued by 深圳市國土資源和房產管理局龍崗分局 (Longgang branch of Shenzhen Municipal Bureau of Land Resources and Building Administration Bureau) on 13 August 2008 which allows Shenzhen Xingli Zundian to commence the construction work before 26 October 2008 and complete before 26 October 2009.
 - (c) As the foundation reinforcement work, which forms part of the construction work on the Land, has been commenced on 1 July 2008, Shenzhen Xingli Zundian conforms to the relevant laws, rules and regulations and the requirements set out in the Shenzhen Land Use Rights Agreement.
 - (d) 深圳市國土資源和房產管理局 (Shenzhen Municipal Bureau of Land Resources and Building Housing Management) noted that as a consequence of incompleteness of public road works by the local municipal government, the construction work had to be suspended. The PRC Lawyer was informed that further extension of the completion date would be given to Shenzhen Xingli Zundian upon completion of the related public road works. There will be no legal impediment for Shenzhen Xingli Zundian to obtain such approval on further extension of the completion date if Shenzhen Xingli Zundian makes application to the relevant authorities.
 - (e) The consideration payable under the State-owned Land Use Rights Grant Contract has been settled in full.
 - (f) The property is free from all encumbrances.

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Group II – Property interests leased by the Group in the PRC

No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
3.	Levels 1, 2 and 4 Block 2 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises 3 floors within a 7-storey factory building which was completed in [2005].</p> <p>The total gross floor area of the property is approximately 5,179 square metres.</p> <p>According to a tenancy agreement dated 10 December 2008 between 龍璧工業區開發(深圳)有限公司 (Dragon Jade Industrial District Development (Shenzhen) Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli Zundian as lessee, the property is leased to Shenzhen Xingli Zundian for a term from 1 January 2009 to 30 June 2009 at a monthly rent of RMB77,161.34, exclusive of management fee and utility charges. As advised by the Company, the tenancy agreement will be renewed upon expiry.</p> <p>The tenancy is not assignable.</p> <p>The property is currently occupied by Shenzhen Xingli Zundian as workshops for production of wood panel furniture.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) The lessor has obtained legal title to the property. Shenzhen Xingli Zundian has the right to occupy and use the property during the term of the tenancy agreement.
- (b) The tenancy agreement is legal, valid and binding.
- (c) The tenancy agreement has been registered at the property leasing administration authority.
- (d) The tenancy agreement conforms to the requirements of the relevant laws, rules and regulations in the PRC.
- (e) The existing use of the property complies with its prescribed use.
- (f) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
4.	Levels 1 to 6 Block 3 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises 6 floors within a 6-storey factory building which was completed in [1994].</p> <p>The total gross floor area of the property is approximately 6,693.91 square metres.</p> <p>According to a tenancy agreement dated 10 December 2008 between 龍璧工業區開發(深圳)有限公司 (Dragon Jade Industrial District Development (Shenzhen) Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli Zundian as lessee, the property is leased to Shenzhen Xingli Zundian for a term from 1 January 2009 to 30 June 2009 at a monthly rent of RMB91,371.87, exclusive of management fee and utility charges. As advised by the Company, the tenancy agreement will be renewed upon expiry.</p> <p>The tenancy is not assignable.</p> <p>The property is currently occupied by Shenzhen Xingli Zundian as workshops for production of wood panel furniture.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) The lessor has obtained legal title to the property. Shenzhen Xingli Zundian has the right to occupy and use the property during the term of the tenancy agreement.
- (b) The tenancy agreement is legal, valid and binding.
- (c) The tenancy agreement has been registered at the property leasing administration authority.
- (d) The tenancy agreement conforms to the requirements of the relevant laws, rules and regulations in the PRC.
- (e) The existing use of the property complies with its prescribed use.
- (f) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
5.	Levels 2, 5 and 6 Block 11 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises 3 floors within a 6-storey factory building which was completed in [1995].</p> <p>The total gross floor area of the property is approximately 5,620.02 square metres.</p> <p>According to a tenancy agreement dated 10 December 2008 between 龍璧工業區開發(深圳)有限公司 (Dragon Jade Industrial District Development (Shenzhen) Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli Zundian as lessee, the property is leased to Shenzhen Xingli Zundian for a term from 1 January 2009 to 31 December 2009 at a monthly rent of RMB70,812.25, exclusive of management fee and utility charges.</p> <p>The tenancy is not assignable.</p> <p>The property is currently occupied by Shenzhen Xingli Zundian as workshops for production of wood panel furniture.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) The lessor has obtained legal title to the property. Shenzhen Xingli Zundian has the right to occupy and use the property during the term of the tenancy agreement.
- (b) The tenancy agreement is legal, valid and binding.
- (c) The tenancy agreement has been registered at the property leasing administration authority.
- (d) The tenancy agreement conforms to the requirements of the relevant laws, rules and regulations in the PRC.
- (e) The existing use of the property complies with its prescribed use.
- (f) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.

VALUATION CERTIFICATE

No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
6.	Units 601-632 and 709-712 Block 20 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises 36 units on Level 6 and Level 7 within a 7-storey dormitory building which was completed in [1994].</p> <p>The total gross floor area of the property is approximately [1,332] square metres.</p> <p>According to a tenancy agreement dated 8 January 2009 between 龍璧工業區開發(深圳)有限公司 (Dragon Jade Industrial District Development (Shenzhen) Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli Zundian as lessee, the property is leased to Shenzhen Xingli Zundian for a term from 1 January 2009 to 30 June 2009 at a monthly rent of RMB17,160, exclusive of management fee. As advised by the Company, the tenancy agreement will be renewed upon expiry.</p> <p>[The tenancy is not assignable.]</p> <p>The property is currently occupied by Shenzhen Xingli Zundian as dormitory.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) The lessor has obtained legal title to the property. Shenzhen Xingli Zundian has the right to occupy and use the property during the term of the tenancy agreement.
- (b) The tenancy agreement is legal, valid and binding.
- (c) The tenancy agreement has been registered at the property leasing administration authority.
- (d) The tenancy agreement conforms to the requirements of the relevant laws, rules and regulations in the PRC.
- (e) The existing use of the property complies with its prescribed use.
- (f) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
7.	Units 716-717 Block 22 Longbi Industrial City Bantian Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises 2 units on Level 7 within a 15-storey dormitory building which was completed in [2005].</p> <p>The total gross floor area of the property is approximately [100] square metres.</p> <p>According to a tenancy agreement dated 8 January 2009 between 龍壁工業區開發(深圳)有限公司 (Dragon Jade Industrial District Development (Shenzhen) Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli Zundian as lessee, the property is leased to Shenzhen Xingli Zundian for a term from 1 January 2009 to 30 June 2009 at a monthly rent of RMB1,360, exclusive of management fee. As advised by the Company, the tenancy agreement will be renewed upon expiry.</p> <p>[The tenancy is not assignable.]</p> <p>The property is currently occupied by Shenzhen Xingli Zundian as dormitory.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) The lessor has obtained legal title to the property. Shenzhen Xingli Zundian has the right to occupy and use the property during the term of the tenancy agreement.
- (b) The tenancy agreement is legal, valid and binding.
- (c) The tenancy agreement has been registered at the property leasing administration authority.
- (d) The tenancy agreement conforms to the requirements of the relevant laws, rules and regulations in the PRC.
- (e) The existing use of the property complies with its prescribed use.
- (f) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
8.	East wing of Level 3 Block C5 Zhonghao Industrial City Xuexiang Village Bantian Road Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises an unit on Level 3 within a 6-storey factory building which was completed in [1993].</p> <p>The gross floor area of the property is approximately [1,250] square metres.</p> <p>According to a tenancy agreement dated 8 July 2008 between 姚淑先、姚玉鶯、姚順鶯 and 姚美鶯 (Yao Shuxian, Yao Yuying, Yao Shunying and Yao Meiying), independent third parties to the Group as lessor and Shenzhen Xingli Zundian as lessee, the property is leased to Shenzhen Xingli Zundian for a term from 19 June 2008 to 18 June 2009 at a monthly rent of RMB15,000, [exclusive of management fee and utility charges]. As advised by the Company, the tenancy agreement will not be renewed after expiry.</p> <p>[The tenancy is not assignable.]</p> <p>The property is currently occupied by Shenzhen Xingli Zundian as warehouse.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) The lessor has obtained legal title to the property. Shenzhen Xingli Zundian has the right to occupy and use the property during the term of the tenancy agreement.
- (b) The tenancy agreement is legal, valid and binding.
- (c) The tenancy agreement has been registered at the property leasing administration authority.
- (d) The tenancy agreement conforms to the requirements of the relevant laws, rules and regulations in the PRC.
- (e) The existing use of the property complies with its prescribed use.
- (f) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
9.	Factory building, office building, dormitory building, canteen building, open space and ancillary facilities at Xuexiang Garden New Village Buji County Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises a 3-storey factory building, a 5-storey office building, a 7-storey dormitory building, a single storey canteen building (the "Buildings"), open space and ancillary facilities which were completed in [2002].</p> <p>The total gross floor area of the Buildings is approximately 24,774.05 square metres and the area of the open space is approximately 1,500 square metres.</p> <p>According to a tenancy agreement dated 30 June 2003 between 深圳市億源通實業發展有限公司 (Shenzhen Yiyuantong Enterprises Development Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli as lessee, the office building of the property is leased to Shenzhen Xingli for a term of 15 years from 1 April 2003 to 1 April 2018 and the factory building, the dormitory building, the canteen building and the ancillary facilities of the property are leased to Shenzhen Xingli for a term of 15 years from 15 March 2003 to 15 March 2018.</p> <p>The monthly rent of the Buildings is RMB227,921 for the first year and RMB253,934 from the second to the fifth year. From the sixth to tenth year of the lease term, the rent shall be adjusted for not more than or less than 10% of the rent based on the second year. From the eleventh to fifteenth year, the rent shall be adjusted for not more than or less than 10% of the rent based on the tenth year.</p> <p>The monthly rent for the open space is RMB3,000, which shall be adjusted along with the rent for the Buildings subject to mutual agreement.</p> <p>The tenancy is not assignable without the lessor's consent.</p> <p>The property is currently occupied by Shenzhen Xingli as production plant of wood panel products.</p>	[No commercial value]

Notes:

- (i) Opinions of the PRC Lawyer are summarized as follows:
 - (a) The lessor has obtained legal title to the property. Shenzhen Xingli has the right to occupy and use the property during the term of the tenancy agreement.
 - (b) The tenancy agreement is legal, valid and binding.
 - (c) Shenzhen Xingli has requested but the lessor has not yet proceeded to register the tenancy agreement at the property leasing administration authority. There exists a risk that Shenzhen Xingli will be requested to move out from the property. Shenzhen Xingli may claim for compensation of losses arising from relocation and differentials of rent.
 - (d) As it is the lessor's failure to provide the relevant title documents for registration which resulted in the delay in registering with the relevant property leasing administration authority, Shenzhen Xingli is not liable for the administrative penalty.

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- (e) According to a supplementary agreement dated 25 January 2007 between Shenzhen Yiyuantong Enterprises Development Company Limited and Shenzhen Xingli, Shenzhen Yiyuantong Enterprises Development Company Limited will be responsible for the compensation of all fees or losses arising from the relocation of the production plant with an amount not less than RMB2,000,000.
 - (f) According to a supplement agreement dated 1 June 2008 between the lessor and Shenzhen Xingli, Shenzhen Xingli can terminate the tenancy agreement prior to one month's notice or pay one month rent as payment in lieu of notice after leasing the property for more than a year.
 - (g) The property is being used for its prescribed use as a production plant.
 - (h) The property is subject to a mortgage. However, no consent for the lease is required from the mortgagee.
- (ii) As advised by the Directors, the Group plans to relocate the production facilities and non-production facilities of this property to the Group's new production base following completion of construction expected in June 2009 and mid 2011 respectively. The Group will terminate the existing tenancy agreement after completion of relocation.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
10.	Warehouse at Xuexiang Garden New Village Buji County Longgang District Shenzhen Guangdong Province The PRC	<p>The property comprises 2 blocks of single-storey warehouse which was completed in [2005].</p> <p>The total gross floor area of the property is approximately 1,455.00 square metres.</p> <p>According to a tenancy agreement dated 1 June 2008 between 深圳市億源通實業發展有限公司 (Shenzhen Yiyuantong Enterprises Development Company Limited), an independent third party to the Group as lessor and Shenzhen Xingli as lessee, the property is leased to Shenzhen Xingli for a term of 15 years from 1 June 2008 to 1 June 2023 at a monthly rent of RMB18,188.00 exclusive of management fee and utility charges.</p> <p>[The tenancy is not assignable].</p> <p>The property is currently occupied by Shenzhen Xingli as warehouse.</p>	[No commercial value]

Notes:

- (i) Opinions of the PRC Lawyer are summarized as follows:
 - (a) No title documents have been provided to confirm lessor's legal title to the property. The PRC Lawyer is unable to ascertain the legality of the tenancy agreement.
 - (b) Since title documents are unavailable for registration, the tenancy agreement has not yet been registered at the property leasing administration authority. There exists a risk that Shenzhen Xingli will be requested to move out from the property.
 - (c) As it is the lessor's failure to provide the relevant title documents for registration which resulted in the delay in registering with the relevant property leasing administration authority, Shenzhen Xingli is not liable for the administrative penalty.
 - (d) According to a supplement agreement dated 1 June 2008 between the lessor and Shenzhen Xingli, Shenzhen Xingli can terminate the tenancy agreement prior to one month's notice or pay one month rent as payment in lieu of notice after leasing the property for more than a year.
 - (e) The property is being used for its prescribed use as a warehouse.
 - (f) The property is not subject to any mortgage.
- (ii) As advised by the Directors, the Group plans to relocate the warehousing facilities of this property to the Group's new production base following completion of construction expected in June 2009. The Group will terminate the existing tenancy agreement after completion of relocation.

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No.	Property	Description and occupancy	Market value as at [31 March 2009] (RMB)
11.	Factory building and dormitory building at Yuanshanbei Village Changping County Dongguan Guangdong Province The PRC	<p>The property comprises a 3-storey factory building and a 5-storey dormitory building which were completed in [1993].</p> <p>The total gross floor area of the property is approximately 6,091.28 square metres.</p> <p>According to a tenancy agreement dated 26 March 2009 between 袁淑英女士 (Ms. Yuan Shuying), an independent third party to the Group as lessor and Dongguan Super Furniture Company Limited ("Dongguan Super Furniture", a 78%-owned subsidiary of the Company) as lessee, the property is leased to Dongguan Super Furniture for a term of 3 years from 26 March 2009 to 25 March 2012 at a monthly rent of RMB42,644.00.</p> <p>The tenancy is not assignable without the lessor's consent.</p> <p>The property is currently occupied by Dongguan Super Furniture as production plant of mattress and upholstery products.</p>	[No commercial value]

Note:

Opinions of the PRC Lawyer are summarized as follows:

- (a) According to a Collectively-owned Land Use Right Certificate dated 18 December 1996, the land use right of the land where the property situated is held by Yuanshanbei Management Zone.
- (b) According to two sets of Real Estate Ownership Certificate, the property is held by Dongguan Rich with collectively-owned land nature. Dongguan Rich was dissolved on 20 October 2006.
- (c) According to the Disposal Agreement for the Factory and Dormitory of Dongguan Rich ("Disposal Agreement") dated 25 March 2009, the shareholders of Dongguan Rich agreed to return its factory and dormitory to Yuanshanbei Management Zone after Dongguan Rich dissolved. The Disposal Agreement conforms to the relevant laws, it is legal and binding.
- (d) Dongguan Super Furniture signed a Tenancy Agreement ("Tenancy Agreement") on 26 March 2009 with 袁淑英女士 (Ms. Yuan Shuying). By an Authorization Letter dated 25 March 2009, 袁淑英女士 (Ms. Yuan Shuying) is authorized by the Village Committee of Yuanshanbei Management Zone to lease the property within the period from 25 March 2009 until terminated by the Village Committee of Yuanshanbei Management Zone.
- (e) The Village Committee of Yuanshanbei Management Zone has the right to lease the property. The Authorization Letter and the Tenancy Agreement are legal and binding. Dongguan Super Furniture has the right to occupy and use the property during the term of the tenancy agreement.
- (f) The Tenancy Agreement has been registered at the relevant property administration authority which issued a Property Leasing Permit for the period from 26 March 2009 to 25 March 2010. Upon expiry, 袁淑英女士 (Ms. Yuan Shuying) will have to extend the Property Leasing Permit. There is no legal impediment for 袁淑英女士 (Ms. Yuan Shuying) to obtain such permit extension.
- (g) The property is being used for its prescribed use as production plant and dormitory.
- (h) The property is not subject to any mortgage.

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Group III – Property interests leased by the Group in Hong Kong

No.	Property	Description and occupancy	Market value as at [31 March 2009] (HK\$)
12.	Unit 1101, 11/F Delta House 3 On Yiu Street Shatin New Territories Hong Kong	<p>The subject development, namely Delta House, is an industrial/office development that comprises a 24-storey North Wing and a 17-storey South Wing erected upon 2 basement levels of car parking spaces. The development was completed in 1999.</p> <p>The property comprises an office unit on the 11th Floor of the North Wing of Delta House. The gross floor area of the property is approximately 2,357.00 square feet (218.97 square metres).</p> <p>According to a tenancy agreement dated 23 October 2008 between Harriman Leasing Limited (acts as the leasing agent of the landlord, Delta Realty Limited), an independent third party to the Group and Hing Lee (China) Company Limited ("Hing Lee (China)"), a wholly-owned subsidiary of the Company) as lessee, the property is leased to Hing Kee (China) for a term of 3 years from 27 November 2008 to 26 November 2011 at a monthly rent of HK\$32,526.60, exclusive of government rates, government rent, service fee and utility charges.</p> <p>The tenancy is not assignable.</p> <p>The property is currently occupied and used by Hing Lee (China) as an office.</p>	[No commercial value]

Notes:

- (i) According to the report on tenancy issued by Sit, Fung, Kwong & Shum, Solicitors,
 - (a) the tenancy agreement is good, valid and legally enforceable and subsisting and binding as between the landlord and the tenant in accordance with its terms, and
 - (b) the user of the property should not use or permit or suffer the premises to be used for any purpose other than office use.
- (ii) The existing use of the property complies with its prescribed use.
- (iii) The property is not subject to any mortgage.