

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 March 2009 of the property interests of the Group.



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30 June 2009

The Board of Directors
Chigo Holding Limited
Unit 13, 10th Floor
Seapower Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Chigo Holding Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and Hong Kong, 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 the capital values of the property interests as at 31 March 2009 (the "date of valuation").

Our valuation of the property interests represents 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".

Due to the nature of the buildings and structures of Property No. 2 in Group II and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the

improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests in Group III which are currently under construction, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group I and Group IV, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense 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 requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Collectively-owned Land Use Rights Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries and have caused searches to be made at the Hong Kong Land Registry in respect of the Hong Kong property. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendments. We have relied considerably on the advice given by the Company's PRC legal advisers – King & Wood PRC Lawyers, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

The continued turmoil and instability in the financial markets is continuing to cause volatility and uncertainty in the world's capital markets and real estate markets. There are low levels of liquidity in the real estate market and transaction levels are significantly reduced, resulting in a lack of clarity as to pricing levels and the market drivers. This, combined with a general weakening of sentiment towards real estate, has resulted in a continual reappraisal of local property prices. Many transactions that are occurring involve vendors who are more compelled to sell, or purchasers who will only buy at discounted prices. In this environment, prices and values are going through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

GROUP I – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Capital value attributable to the Group as at 31 March 2009 <i>RMB</i>
1.	Unit 13 on 10 th Floor Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon Hong Kong	No commercial value
Sub-total:		<u><u>Nil</u></u>

GROUP II – PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 31 March 2009 <i>RMB</i>	Interest attributable to the Group	Capital value attributable to the Group as at 31 March 2009 <i>RMB</i>
2.	8 parcels of land 11 buildings and various structures located at Lishui Town Nanhai District Foshan City Guangdong Province The PRC	254,625,000	100%	254,625,000
Sub-total:		<u><u>254,625,000</u></u>		<u><u>254,625,000</u></u>

GROUP III – PROPERTY INTERESTS HELD UNDER DEVELOPMENT BY THE GROUP
IN THE PRC

No.	Property	Capital value in existing state as at 31 March 2009 <i>RMB</i>	Interest attributable to the Group	Capital value attributable to the Group as at 31 March 2009 <i>RMB</i>
3.	A parcel of land 4 buildings and various structures under construction located at the eastern side of Liujiatang Road Economic and Technology Development Zone Jiujiang City Jiangxi Province The PRC	42,600,000	100%	42,600,000
4.	A parcel of land 4 buildings and various structures under construction located at the eastern side of North Yinhu Road Economic and Technology Development Zone Wuhu City Anhui Province The PRC	75,183,000	100%	75,183,000
	Sub-total:	<u>117,783,000</u>		<u>117,783,000</u>

**GROUP IV – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN
THE PRC**

No. Property	Capital value attributable to the Group as at 31 March 2009 RMB
5. 23 buildings located at Shengli Village Lishui Town Nanhai District Foshan City Guangdong Province The PRC	No commercial value
	Sub-total: _____ Nil
Grand total:	372,408,000
	<u>372,408,000</u>

VALUATION CERTIFICATE

GROUP I – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2009 RMB
1.	Unit 13 on 10th Floor Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon Hong Kong	<p>The property comprises a unit on 10th Floor of a 26-storey office/commercial building (excluding 2-storey basement) completed in about 1994.</p> <p>The property has a saleable area of approximately 71.63 sq.m. (or 771 sq.ft.)</p> <p>The property is leased to Chigo Electric Co., Limited for a term of 2 years expiring on 15 August 2010, at a monthly rent of HK\$33,821 exclusive of rates, government rent, management fee, air-conditioning charge and other outgoings.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. The registered owner of the property is Opus One International Limited.
2. Pursuant to a Tenancy Agreement dated 11 August 2008, the property is leased to Chigo Electric Co., Limited from Opus One International Limited (an independent third party), for a term of 2 years expiring on 15 August 2010, at a monthly rent of HK\$33,821 exclusive of rates, government rent, management fee, air-conditioning charge and other outgoings.
3. Chigo Electric Co., Limited is an indirectly wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2009 RMB
2.	8 parcels of land 11 buildings and various structures located at Lishui Town Nanhai District Foshan City Guangdong Province The PRC	<p>The property comprises 8 parcels of land with a total site area of approximately 220,657.71 sq.m., 11 buildings and various ancillary structures constructed thereon which were completed in various stages between 2003 and 2007.</p> <p>The buildings have a total gross floor area of approximately 196,896.64sq.m.</p> <p>The buildings comprise 7 industrial buildings, 2 office buildings, a power station room and a canteen.</p> <p>The structures mainly comprise roads and simple sheds.</p> <p>The collectively-owned land use rights of the property were granted for various terms with the expiry date between 29 June 2050 and 28 February 2054 for industrial use.</p>	The property is currently occupied by the Group for production and office purposes.	254,625,000 100% interest attributable to the Group: RMB254,625,000

Notes:

- Pursuant to 9 Collectively-owned Land Use Rights Grant Contracts — Nan Ji Chu Rang Zi (2005) Nos. 0001 to 0003, Fo Nan Ji (Chu) Bu (2006) Nos. 0002 to 0004, Fo Nan Ji (Chu) Bu (2008) Nos. 0001 to 0002 and Nan Ji Chu Rang Bu Zi (2006) No. 0001 dated between 6 April 2005 and 28 September 2007, respectively, the land use rights of 8 parcels of land with a total site area of approximately 220,657.71 sq.m. were contracted to be granted to Guangdong Chigo Air-Conditioning Co., Limited (“Guangdong Chigo”), an indirect wholly-owned subsidiary of the Company, for various terms with the expiry date between 29 June 2050 and 28 February 2054 for industrial use. As advised by the Group, the total land use rights premium of RMB16,569,485.24 has been fully paid.
- Pursuant to 8 Collectively-owned Land Use Rights Certificates — Fo Fu Nan Ji Yong (2007) Di Nos. 0800121 to 0800126 and Fo Fu Nan Ji Yong (2008) Nos. 0800051 to 0800052 issued by Foshan Land and Resources Bureau, the land use rights of 8 parcels of land with a total site area of approximately 220,657.71 sq.m. were granted to Guangdong Chigo for various terms with the expiry date between 29 June 2050 and 28 February 2054 for industrial use.
- Pursuant to 11 Real Estate Title Certificates — Yue Fang Di Zheng Zi Di Nos. C5482096 to C5482100, C6279642 to C6279645, C6279640 and C5482092 issued by Foshan Building Administration Bureau, the land use rights of 8 parcels of land with a total site area of approximately 220,657.71 sq.m. are held by Guangdong Chigo and 11 buildings with a total gross floor area of approximately 196,896.64 sq.m. are owned by Guangdong Chigo.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. According to the Notice Regarding Trial Circulation of Village Collectively-owned Construction Land Use Rights (《廣東省人民政府關於試行農村集體建設用地使用權流轉的通知》), (the "Guangdong Land Notice") and Guangdong Management Rules on Circulation of Collectively-owned Construction Land Use Rights (《廣東省集體建設用地使用權流轉管理辦法》) (the "Guangdong Land Management Rules") promulgated by the People's Government of Guangdong Province, the owners have the rights to grant the collectively-owned land use rights of the 8 parcels of land to Guangdong Chigo;
 - b. The land grant contracts were entered into between Guangdong Chigo and the local Villagers' Committee with the consent or ratification of more than 2/3 of the villager representatives of the land owners, the land use rights premiums have been fully paid by Guangdong Chigo and the whole process is in accordance with the Guangdong Land Notice and Guangdong Land Management Rules;
 - c. Foshan Land and Resources Bureau has issued the Collectively-owned Land Use Rights Certificates and Real Estate Title Certificates to Guangdong Chigo under the supervision of the Ministry of Land and Resources of the PRC relating to the property which ensure Guangdong Chigo has obtained the collectively-owned land use rights and building ownership rights of the property;
 - d. As confirmed by Guangdong Chigo and properly reviewed by the legal advisers, the legal advisers have not discovered any notice or order which may affect the collectively-owned land use rights or building ownership rights of the property;
 - e. Guangdong Chigo has legally obtained the collectively-owned land use rights and building ownership rights of the property and has the right to occupy, use, transfer, lease, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws;
 - f. According to Guangdong Land Notice and Guangdong Land Management Rules, it is not a pre-requisite for the nature of the land use rights to be changed from collectively-owned to state-owned for Guangdong Chigo to transfer, lease, mortgage or otherwise dispose of the property by other means according to the relevant PRC laws and regulations; and
 - g. The property is not subject to mortgage, sequestration and any other encumbrances as at the date of valuation.

VALUATION CERTIFICATE

GROUP III – 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 31 March 2009 RMB
3.	A parcel of land 4 buildings and various structures under construction located at the eastern side of Liujiatang Road Economic and Technology Development Zone Jiujiang City Jiangxi Province The PRC	The property comprises a parcel of land with a site area of approximately 200,001 sq.m., 4 buildings and various structures which were being constructed thereon as at the date of valuation. The property is scheduled to be completed in the first half of 2011. Upon completion, the buildings of the property will have a total gross floor area of approximately 62,049.6 sq.m. and the details are set out as following:	The property is currently under construction.	42,600,000 100% interest attributable to the Group: RMB42,600,000
		Usage	Planned Gross Floor Area (sq.m.)	
		Industrial	54,000	
		Ancillary	<u>8,049.6</u>	
		Total:	<u><u>62,049.6</u></u>	
		The land use rights of the property were granted for a term of 50 years commencing from 28 June 2007 and expiring on 28 June 2057 for industrial use.		

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract – Jiu Kai Gua No. 2007-001 dated 29 June 2007, the land use rights of a parcel of land with a site area of approximately 200,001 sq.m. were contracted to be granted to Chigo Air-conditioning (Jiu Jiang) Co., Ltd. (“Chigo Jiu Jiang”), an indirectly wholly-owned subsidiary of the Company, for a term of 50 years for industrial use. As advised by the Company, the land use rights premium of RMB41,400,000 has been fully paid.
- Pursuant to a State-owned Land Use Rights Certificate – Jiu Cheng Guo Yong (2007) Di No. 256, the land use rights of a parcel of land with a site area of approximately 200,001 sq.m. were granted to Chigo Jiu Jiang for a term of 50 years commencing from 28 June 2007 and expiring on 28 June 2057 for industrial use.
- As advised by the Group, the total construction cost is estimated to be approximately RMB45,000,000, of which RMB5,331,000 had been paid up to the date of valuation.
- In the valuation of this property, we have attributed no commercial value to the buildings under construction with a total gross floor area of approximately 62,049.6 sq.m. upon completion which have not obtained any proper construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings under construction (excluding the land) as at the date of valuation would be RMB28,275,000 assuming all relevant construction permits have been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. The land use rights of the property are legally owned by Chigo Jiu Jiang and are not subject to mortgage, sequestration or any other encumbrances as at the date of valuation;
 - b. Chigo Jiu Jiang has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property in accordance with the relevant PRC laws;
 - c. Chigo Jiu Jiang commenced construction on the property before having obtained the permit for commencement of construction work. Such actions may lead to a fine from 1% to 2% of the contract price of such construction which according to the construction contracts is RMB29,280,000 and the relevant authorities have the right to order Chigo Jiu Jiang to stop the construction and to take remedial actions within a specified time frame; and
 - d. Based on a letter of confirmation from Guangdong Chigo which confirmed that after consultation with the relevant governmental bodies, it is expected that it would take 45 working days to obtain the permits for commencement of works on the above land, and there is no material legal impediment to obtain such permits for commencement of works, and to the best of the Company's PRC legal advisers' knowledge and belief, there is no material legal impediment for Chigo Jiu Jiang to obtain the permits for commencement of works should they submit all the relevant documents to the relevant governmental bodies. Pursuant to the deed of indemnity entered into by Mr. XH Li and Chigo Group Holding in favor of the Company (for itself and as trustee for each of its subsidiaries), each of Mr. XH Li and Chigo Group Holding jointly and severally agreed and undertook to indemnify any member of the Group against any loss and damages suffered by the Group due to the absence of the permits to commence construction works.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2009 RMB								
4.	A parcel of land 4 buildings and various structures under construction located at the eastern side of North Yinhu Road Economic and Technology Development Zone Wuhu City Anhui Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 200,000 sq.m., 4 buildings and various structures which were being constructed thereon as at the date of valuation.</p> <p>The property is scheduled to be completed in the first half of 2011. Upon completion, the buildings of the property will have a total gross floor area of approximately 60,249.6 sq.m. and the details are set out as following:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Usage</th> <th>Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Industrial</td> <td>52,200</td> </tr> <tr> <td>Ancillary</td> <td>8,049.6</td> </tr> <tr> <td>Total:</td> <td><u>60,249.6</u></td> </tr> </tbody> </table> <p>The land use rights of the property were granted for a term of 50 years commencing from 22 December 2006 and expiring on 22 December 2056 for industrial use.</p>	Usage	Planned Gross Floor Area (sq.m.)	Industrial	52,200	Ancillary	8,049.6	Total:	<u>60,249.6</u>	The property is currently under construction.	75,183,000 100% interest attributable to the Group: RMB75,183,000
Usage	Planned Gross Floor Area (sq.m.)											
Industrial	52,200											
Ancillary	8,049.6											
Total:	<u>60,249.6</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Wu Kai No. 2006056 dated 22 December 2006, the land use rights of a parcel of land with a site area of approximately 200,000 sq.m. were contracted to be granted to Chigo Air-conditioning (Wuhu) Co., Ltd. ("Chigo Wuhu"), an indirectly wholly-owned subsidiary of the Company, for a term of 50 years for industrial use. As advised by the Company, the land use rights premium of RMB24,000,000 has been fully paid.
- Pursuant to a State-owned Land Use Rights Certificate — Wu Kai Guo Yong (2007) Di No. 034, the land use rights of a parcel of land with a site area of approximately 200,000 sq.m. were granted to Chigo Wuhu for a term of 50 years commencing from 22 December 2006 and expiring on 22 December 2056 for industrial use.
- As advised by the Group, the total construction cost is estimated to be approximately RMB45,000,000, of which RMB2,181,000 had been paid up to the date of valuation.
- In the valuation of this property, we have attributed no commercial value to the buildings under construction with a total gross floor area of approximately 60,249.6 sq.m. upon completion which have not obtained any proper construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings under construction (excluding the land) as at the date of valuation would be RMB2,450,000 assuming all relevant construction permits have been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. The land use rights of the property are legally owned by Chigo Wuhu and are not subject to mortgage, sequestration or any other encumbrances as at the date of valuation;
 - b. Chigo Wuhu has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property in accordance with the relevant PRC laws;
 - c. Chigo Wuhu commenced construction on the property before having obtained the permit for commencement of construction work. Such actions may lead to a fine from 1% to 2% of the contract price of such construction which according to the construction contract and as confirmed by Chigo Wuhu is RMB2,725,524 and the relevant authorities have the right to order Chigo Wuhu to stop the construction and to take remedial actions within a specified time frame; and
 - d. Based on a letter of confirmation from Guangdong Chigo which confirmed that after consultation with the relevant governmental bodies, it is expected that it would take 45 working days to obtain the permits for commencement of works on the above land, and there is no material legal impediment to obtain such permits for commencement of works, and to the best of the Company's PRC legal advisers' knowledge and belief, there is no material legal impediment for Chigo Wuhu to obtain the permits for commencement of works should they submit all the relevant documents to the relevant governmental bodies. Pursuant to the deed of indemnity entered into by Mr. XH Li and Chigo Group Holding in favor of the Company (for itself and as trustee for each of its subsidiaries), each of Mr. XH Li and Chigo Group Holding jointly and severally agreed and undertook to indemnify any member of the Group against any loss and damages suffered by the Group due to the absence of the permits to commence construction works.

VALUATION CERTIFICATE

GROUP IV – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2009 RMB
5.	23 buildings located at Shengli Village Lishui Town Nanhai District Foshan City Guangdong Province The PRC	<p>The property comprises 23 buildings including industrial buildings, warehouses and office buildings which were mainly completed in various stages between 2000 and 2003.</p> <p>The property has a total lettable area of approximately 148,600.15 sq.m.</p> <p>The property is leased to the Group from Shengli Economy United Community of Lishui Town, an independent third party (the "Lessor"), for various terms with the expiry date between 31 December 2009 and 22 February 2028 at a total annual rent of RMB11,132,418, exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for production, warehouse and office purposes.	No commercial value

Notes:

1. Pursuant to various Tenancy Agreements entered into between Guangdong Chigo Air-Conditioning Co., Limited ("Guangdong Chigo"), an indirectly wholly-owned subsidiary of the Company, and the Lessor, 23 buildings with a total lettable area of approximately 148,600.15 sq.m. are leased to Guangdong Chigo for various terms with the expiry date between 31 December 2009 and 22 February 2028 at a total annual rent of RMB11,132,418, exclusive of water and electricity charges.
2. For 20 buildings out of the 23 leased buildings with a total lettable area of approximately 45,655.15 sq.m., the Lessor has provided the Group with the relevant title certificates.
3. For the remaining 3 buildings with a total lettable area of approximately 102,945 sq.m., the Group has not been provided with the relevant title certificates from the Lessor.
4. We have been provided with a legal opinion on the legality of the tenancy agreements of the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. The Lessor has provided the relevant title certificates of the 20 buildings mentioned in note 2 above and has the right to lease these 20 buildings to the Group;
 - b. The tenancy agreements regarding the 20 buildings mentioned in note 2 above are legally binding on the parties thereto and have been registered with the local authority. The Group's rights under such tenancy agreements are protected under the PRC laws;
 - c. The Group has the rights to use and occupy the 20 buildings under the tenancy agreements;
 - d. For the remaining 3 buildings, the Lessor has not provided the title certificates and there may be a risk that the Group may be required to vacate such buildings and compensate the owners of such buildings for the loss; and
 - e. According to an Undertaking Letter, the Lessor has undertaken to compensate the Group for all the losses suffered from any defective title of the 3 buildings and the Undertaking Letter is legal, valid, binding and enforceable under the PRC laws.