

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the property interests of the Group in the PRC as at 31 August 2009.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

30 September 2009

The Directors  
Shenguan Holdings (Group) Limited  
29 Fudian Shang Chong  
Xijiang Fourth Road  
Wuzhou  
Guangxi Zhuangzu Autonomous Region  
The PRC

Dear Sirs,

#### **Instructions, Purpose and Date of Valuation**

In accordance with your instructions for us to value the properties in which Shenguan Holdings (Group) Limited (神冠控股(集團)有限公司) (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) have interests in the PRC (the “PRC”) (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 August 2009.

#### **Definition of Market Value**

Our valuation of the properties represents its market value which in accordance with the HKIS Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “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”.

#### **Valuation Basis And Assumption**

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors.

In the course of our valuation of the properties in the PRC, we have assumed that the transferable land use rights of the properties for their 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 relied on the information regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group and the advice provided by the Group's legal advisers, Commerce & Finance Law Offices, are set out in the notes in the respective valuation certificate.

### **Method of Valuation**

In valuing Property Nos. 1 and 3 in Group I, which are currently held by the Group for owner occupation in the PRC, we have adopted the Depreciated Replacement Cost ("DRC") Approach. The DRC Approach requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures from which deductions are then made to allow for the age, condition and functional obsolescence. For the land portion, we have made reference to comparable sales evidence as available in the market. The PRC is subject to service potential of the entity from the use of assets as a whole.

In respect of Property Nos. 2 and 4 in Group I which are held by the Group for owner occupation in the PRC, we have valued the properties by direct comparison method by making reference to comparable sales evidence as available in the relevant market.

The properties in Group II and III which are leased to the Group in the PRC and Hong Kong respectively have no commercial value mainly due to the prohibitions against assignment and subletting or otherwise due to the lack of substantial profit rents.

### **Source of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal advisers, Commerce & Finance Law Offices, in respect of the title to the properties in the PRC. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

**Site Inspection**

We have inspected the exterior and, wherever possible, the interior of each of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties 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 outgoing of any onerous nature which could affect their values.

**Currency**

Unless otherwise stated, all money amounts indicated herein are in Hong Kong dollars for the property in Hong Kong and Renminbi for the properties in the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K.F. Chan**  
*Registered Professional Surveyor (GP)*  
*Registered China Real Estate Appraiser*  
*MSc., M.H.K.I.S., M.R.I.C.S.*  
*Director*

*Note:* Mr. Andrew Chan is a Registered Professional Surveyor who has over 22 years' of experience in the valuation of properties in Hong Kong, Macau and the PRC.

## SUMMARY OF VALUATIONS

Properties	Capital value in existing state as at 31 August 2009 <i>RMB</i>	Attributable interest to the Group <i>%</i>	Capital value in existing state as at 31 August 2009 attributable to the Group <i>RMB</i>
<b>Group I – Property interests held by the Group for owner occupation or investment in the PRC</b>			
1. Industrial Complex, Fudian Shang Chong, Xijiang 4th Road, Wanxiu District, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	50,000,000	97	48,500,000
2. Room 2403, Unit 1, No. 18 Zhongshan Road, Wanxiu District, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	240,000	97	232,800
3. Industrial Complex, Lot F2, Wangfu Industrial Park, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	45,000,000	97	43,650,000
4. A parcel of industrial land, Lot F1, Wangfu Industrial Park, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	3,800,000	97	3,686,000
<b>Sub-total :</b>	<u>99,040,000</u>		<u>96,068,800</u>

Properties	Capital value in existing state as at 31 August 2009 <i>RMB</i>	Attributable interest to the Group <i>%</i>	Capital value in existing state as at 31 August 2009 attributable to the Group <i>RMB</i>
<b>Group II – Properties leased by the Group in the PRC</b>			
5. Shop unit No. 1, 1/F, No. 45 Dadong Xia Road, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	No commercial value	–	No commercial value
6. Shop unit No. 5, Anhu Lane Market, Dong Zhong Road, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	No commercial value	–	No commercial value
7. Shop unit No. 16, Lianhuju. Shengtong Lane, Xinxing First Road, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	No commercial value	–	No commercial value
<b>Sub-total :</b>	<u>No commercial value</u>		<u>No commercial value</u>
<b>Group III – Property leased by the Group in Hong Kong</b>			
8. Unit 2902, Sino Plaza, Causeway Bay, Hong Kong	No commercial value	–	No commercial value
<b>Sub-total:</b>	<u>No commercial value</u>		<u>No commercial value</u>
<b>Grand-total:</b>	<u>99,040,000</u>		<u>96,068,800</u>

## VALUATION CERTIFICATE

## Group I – Properties held by the Group for owner occupation or investment in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009
1. Industrial Complex, Fudian Shang Chong, Xijiang 4th Road, Wanxiu District, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises several industrial properties erected on 6 plots of industrial land with a total site area of approximately 99,206.48 sq.m. (1,067,859 sq.ft.). The buildings and structures were completed between 1983 and 1997.</p> <p>According to the Group, The property has a total gross floor area of 35,145.59 sq.m. (378,307 sq.ft.) with Building Ownership Certificates.</p> <p>Three buildings with a total gross floor area of 16,432 sq.m. (176,874 sq.ft.) is under construction. (Please see note (2) below).</p> <p>There is one building with a gross floor area of 1,075 sq.m. without building ownership certificate.</p> <p>The land use rights of the property have been granted for terms of 50 years due to expire on 16 October 2047 to 5 September 2057 for industrial use.</p>	The property is currently owner-occupied by the Group for industrial and ancillary facilities uses.	RMB50,000,000 (97% interest attributable to the Group: RMB48,500,000)

*Notes:*

- (1) According to 6 Certificates for the Use of State-owned Land, the land use rights of the property comprising a total site area of 99,206.48 sq.m. have been granted to Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) for industrial use with the details are as follows:

Certificate No.	Location	Date of Expiry	Site Area (sq.m.)
(2005) 364	29 Fudian Shang Chong	11 May 2049	1,383.20
(2005) 365	29 Fudian Shang Chong	16 October 2047	25,080.92
(2005) 3649	30 & 31 Fudian Shang Chong	30 October 2055	38,173.65
(2005) 4050	30 & 31 Fudian Shang Chong	11 December 2055	1,575.65
(2007) 4706	33 Fudian Shang Chong	5 September 2057	25,657.93
(2008) 853	31 Fudian Shang Chong	7 July 2057	7,335.13
		<b>Total</b>	<b>99,206.48</b>

- (2) According to 18 Building Ownership Certificates, the building ownership of the property with total gross floor area of 35,145.59 sq.m. have been vested to Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) with the details are as follows:

Certificate No.	Gross Floor Area (sq.m.)	Level	Structure
4416922	1,026.21	3	Mix
4416923	2,976.04	3	Frame
4416924	7,986.42	4	Frame\Other
4416925	366.62	1	Frame
4416926	669.78	2	Frame
4416927	197.88	2	Frame
4416928	10,331.86	3	Frame\Other
4416929	98.10	1	Mix
4416930	118.70	1	Mix
4416931	287.10	1	Frame
4416932	512.82	3	Frame\Mix
4252308	2,689.50	2	Mix
4252309	3,845.70	4	Mix
4252310	1,090.40	1	Mix
4252311	377.70	1	Mix
4252312	125.00	2	Mix
4252314	509.50	1	Mix
4252319	1,936.26	2	Frame
<b>Total</b>	<b>35,145.59</b>		

We note that three buildings with a gross floor area of 16,432 sq.m. is under construction. As advised by the Group, two buildings with a total gross floor area of 15,272 sq.m. will be obtained the Building Ownership Certificate in October 2009. In the course of our valuation, we have not assigned values to those buildings. However, on the assumption that the buildings are completed and have been obtained the title documents, the capital value of the buildings as at 31 August 2009 would be RMB16,600,000.

Moreover, we note that there is one temporary building with a gross floor area of 1,075 sq.m. without the Building Ownership Certificates. In the course of our valuation, we have not assigned value to this building.

- (3) According to Business Licence No. 450400400000725 dated 18 July 2008, Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) was established with a registered capital of RMB73,300,000 and a valid operation period from 26 November 2004 to 25 November 2034.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
- (i) Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) has lawfully owned the land use right of the property.
  - (ii) Wuzhou Shenguan Protein Casing Co., Ltd. is entitled to use, transfer and mortgage the property.
  - (iii) All the land premium stated in the Grant Contracts of Land Use Rights have been duly paid and settled.

- (iv) A portion the property with a gross floor area of 18,921.52 sq.m. is mortgaged to Agricultural Bank of China, Wuzhou branch for a loan of RMB5,500,000 and RMB3,500,000 with the security term due to expire on 10 June 2011 and 5 January 2011.respectively.
  - (v) A portion of the property with a gross floor area of 13,025.07 sq.m. is mortgaged to Industrial and Commercial Bank of China, Wuzhou branch for a loan of RMB12,400,000 with the security term due to expire on 13 February 2010.
  - (vi) A temporary building with a gross floor area 1,075 sq.m. has not been obtained any relevant construction permissions. The said building may be subject to the risk of demolition and a fine may be assessed.
- (5) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes (Part)
Business Licence	Yes



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009
2. Room 2403, Unit 1, No. 18 Zhongshan Road, Wanxiu District, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises a residential unit on level 24 of a 29-storey building completed in about 1990.</p> <p>The property has a gross floor area of 76.59 sq.m. (824 sq.ft.).</p> <p>The land use rights of the property has been granted for a term from 18 January 1993 to 17 February 2063 for residential use.</p>	The property is currently vacant.	RMB240,000 (97% interest attributable to the Group: RMB232,800)

*Notes:*

- (1) According to the Building Ownership Certificate No. 4416933, the title of the building having a gross floor area of 76.59 sq.m. is vested in Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司).
- (2) According to Business Licence No. 450400400000725 dated 18 July 2008, Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) was established with a registered capital of RMB73,300,000 and a valid operation period from 26 November 2004 to 25 November 2034.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
  - (i) Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) has lawfully owned the land use right of the property;
  - (ii) Wuzhou Shenguan Protein Casing Co., Ltd. is entitled to use, transfer and mortgage the property; and
  - (iii) All the land premium stated in the Grant Contracts of Land Use Rights have been duly paid and settled.
- (4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Building Ownership Certificate	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009
3. Industrial Complex, Lot F1 and F2, Wangfu Industrial Park, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises workshop No.1 &amp; 2 erected on two parcels of industrial land with a total site area of approximately 233,432.70 sq.m. (2,512,670 sq.ft.).</p> <p>Two workshops with a total gross floor area of 42,920 sq.m. (461,991 sq.ft.) are under construction. (Please see notes (3) &amp; (4) below).</p> <p>The land use rights of the property have been granted for terms of 50 years due to expire on 6 April 2058 for industrial use.</p>	<p>Workshop 1 is occupied by the Group.</p> <p>Workshop 2 is vacant.</p> <p>The other portion is currently vacant site.</p>	<p>RMB45,000,000 (97% interest attributable to the Group: RMB43,650,000)</p>

*Notes:*

- (1) According to the Certificate for the Use of State-owned Land Nos. (2008) 7251 and (2009) 3035, the land use rights of the property comprising a total site area of 233,432.70 sq.m. have been granted to Wuzhou Shenguan Biological Industrial Development Limited (梧州市神冠生物實業開發有限公司) for a term due to expire on 6 April 2058 and 4 August 2057 respectively for industrial use.
- (2) According to the State-owned Land Use Rights Transfer Agreement entered into between Wuzhou Industrial Park Investment Management Co., Ltd. (梧州工業園區投資開發管理有限公司) (“Party A”) and Wuzhou Shenguan Biological Industrial Development Limited (梧州市神冠生物實業開發有限公司) (“Party B”) dated 8 July 2008, the land use rights of a parcel of land having a total site area of approximately 176,434.71 sq.m. were agreed to be transferred to Party B for a term of 50 years for industrial use at a consideration of RMB36,930,000.
- According to the State-owned Land Use Rights Transfer Agreement entered into between Wuzhou Industrial Park Investment Management Co., Ltd. (梧州工業園區投資開發管理有限公司) (“Party A”) and Wuzhou Shenguan Biological Industrial Development Limited (梧州市神冠生物實業開發有限公司) (“Party B”) dated 28 May 2009, the land use rights of a parcel of land having a total site area of approximately 56,997.99 sq.m. were agreed to be transferred to Party B for a term of 50 years for industrial use at a consideration of RMB5,130,000.
- (3) According to two Planning Permit for Construction Works Nos. 450404200902270501 and 45040320040022 issued by Wuzhou Construction and Planning Committee on 27 February 2009, and 28 February 2009 respectively, the construction works of the property with a gross floor area of 42,800 sq.m. was in compliance with the requirement of urban planning and was permitted to be developed.

- (4) According to two Permit for Commencement of Construction Works Nos. 450404200902270501 issued by Wuzhou Construction and Planning Committee (梧州市建設與規劃委員會) on 27 February 2009, the construction works of the property with a gross floor area of approximately 20,750 sq.m. is in compliance with the requirements for works commencement and are permitted.
- (5) The application of the Construction Work Completion Examination Certificate for the two workshops is under process. In the course of our valuation, we have not assigned value to these buildings which are under construction. However, on the assumption that the buildings are completed and have been obtained the title documents, the capital value of the buildings as at 31 August 2009 would be RMB18,000,000.
- (6) According to Business Licence No. 45040000004184 dated 8 April 2008, Wuzhou Shenguan Biological Industrial Development Limited (梧州市神冠生物實業開發有限公司) was established with a registered capital of RMB10,000,000 and a valid operation period from 8 April 2008 to 7 April 2028.
- (7) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
- (i) Wuzhou Shenguan Biological Industrial Development Limited (梧州神冠蛋白腸衣有限公司) has lawfully owned the land use right of the property; and
  - (ii) Wuzhou Shenguan Biological Industrial Development Limited is entitled to use, transfer and mortgage the property.
  - (iii) Wuzhou Shenguan Biological Industrial Development Limited is entitled to construct Workshop Nos. 1 and 2.
  - (iv) There is no legal obstacle to obtain the building ownership certificate when the Construction Work Completion Examination Certificate is being obtained.
- (8) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	No
Planning Permit for Construction Works	Yes
Planning Permit for Commencement of Construction Works	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2009
4. A parcel of industrial land, Lot F1, Wangfu Industrial Park, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises two parcels of industrial land with a total site area of approximately 19,502.73 sq.m. (209,927 sq.ft.).</p> <p>The land use rights of the property have been granted for terms of 50 years due to expire on 19 September 2057 and 28 June 2057 for industrial use.</p>	The property is currently vacant.	RMB3,800,000 (97% interest attributable to the Group: RMB3,686,000)

*Notes:*

- (1) According to two Certificate for the Use of State-owned Land Nos. (2008) 599 and (2008) 6228, the land use rights of the property comprising a total site area of 19,502.73 sq.m. have been granted to Guangxi Wuzhou Xingke Electronic Company Limited (廣西梧州星科電子有限公司) for terms due to expire on 19 September 2057 and 28 June 2057 respectively for industrial use.
- (2) According to the State-owned Land Use Rights Grant Contract No. (2007)110 entered into between Guangxi Zhuang Autonomous Region Wuzhou Land Resources Bureau (廣西壯族自治區梧州市國土資源局) ("Party A") and Guangxi Wuzhou Xingke Electronic Company Limited (廣西梧州星科電子有限公司) ("Party B") dated 5 September 2007, the land use rights of a parcel of land having a total site area of approximately 19,502.73 sq.m. were agreed to be granted to Party B for a term of 50 years for industrial use at a consideration of RMB 1,685,816.
- (3) According to Business Licence No. 450400200000268 dated 9 July 2008, Guangxi Wuzhou Xingke Electronic Company Limited (廣西梧州星科電子有限公司) was established with a registered capital of RMB5,000,000 and a valid operation period from 31 December 2005 to 30 December 2055.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
  - (i) Guangxi Wuzhou Xingke Electronic Company Limited (廣西梧州星科電子有限公司) has lawfully owned the land use right of the property;
  - (ii) Guangxi Wuzhou Xingke Electronic Company Limited (廣西梧州星科電子有限公司) is entitled to use, transfer and mortgage the property; and
  - (iii) All the land premium stated in the Grant Contracts of Land Use Rights have been duly paid and settled.
- (5) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
State-owned Land Use Rights Grant Contract	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

## Group II – Properties leased by the Group in the PRC

Property	Description and tenure	Capital value in existing state as at 31 August 2009
5. Shop unit No. 1, 1/F, No. 45 Dadong Xia Road, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises a shop with a total gross floor area of approximately 73.18 sq.m. (788 sq.ft.)</p> <p>The property is currently leased from an independent third party to the Group for a term for 2 years from 1 May 2008 to 30 April 2010 with a monthly rent of RMB790 for commercial use.</p> <p>According to the PRC legal opinion, there is no legal title document of the property provided by the lessor. Hence, the PRC legal adviser was unable to confirm if the landlord has the right to lease out the property and whether the property is subject to mortgage. According to the PRC law, the lease might be declared to be void or invalid by the relevant authority when disputes arise over the lease. However, the Group have the right to recover the losses from the lessor.</p> <p>The PRC legal adviser also confirmed that the lease has not been registered in relevant authority.</p>	No commercial value
6. Shop unit No. 5, Anhu Lane Market, Dong Zhong Road, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises a shop which is currently leased from an independent third party to the Group for a term for 2 years from 1 May 2008 to 30 April 2010 with a monthly rent of RMB1,455 for commercial use.</p> <p>According to the PRC legal opinion, there is no legal title document of the property provided by the lessor. Hence, the PRC legal adviser was unable to confirm if the landlord has the right to lease out the property and whether the property is subject to mortgage. According to the PRC law, the lease might be declared to be void or invalid by the relevant authority when disputes arise over the lease. However, the Group has the right to recover the losses from the lessor.</p> <p>The PRC legal adviser also confirmed that the lease has not been registered with the relevant authority.</p>	No commercial value

## VALUATION CERTIFICATE

Property	Description and tenure	Capital value in existing state as at 31 August 2009
7. Shop unit No. 16, Lianhuju, Shengtong Lane, Xinxing First Road, Wuzhou, Guangxi Zhuang Autonomous Region, the PRC	<p>The property comprises a shop with a total gross floor area of approximately 20.50 sq.m. (221 sq.ft.)</p> <p>The property is currently leased from an independent third party to the Group for a term for 2 years from 1 August 2008 to 31 July 2010 with a monthly rent of RMB1,380 and there will be a 6% rental increment for the second year for commercial use.</p> <p>According to the PRC legal opinion, there is no legal title document of the property provided by the lessor. Hence, the PRC legal adviser was unable to confirm if the landlord has the right to lease out the property and whether the property is subject to mortgage. According to the PRC law, the lease might be declared to be void or invalid by the relevant authority when disputes arise over the lease. However, the Group has the right to recover the losses from the lessor.</p> <p>The PRC legal adviser also confirmed that the lease has not been registered with the relevant authority.</p>	No commercial value

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

Property	Description and tenure	Capital value in existing state as at 31 August 2009
8. Unit 2902, Sino Plaza, Causeway Bay, Hong Kong	<p>The property comprises an office unit on the 29th floor of a 31-storey office building completed in 1992.</p> <p>The property has a gross floor area of approximately 145.86 sq.m. (1,570 sq.ft.), and is occupied by the Group as office.</p> <p>The property is currently leased from an independent third party to the Group for a term from 2 March 2009 to 19 May 2010 with a monthly rent of HK\$65,940 exclusive of rates and management fees.</p>	No commercial value