

The following is the text of a letter, summary of valuations and valuation certificate prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with their valuations as at 31st July, 2002 of the property interests of the Group.



28th October, 2002

The Directors
Rontex International Holdings Limited
23rd Floor
Chun Wo Commercial Centre
23-29 Wing Wo Street
Central
Hong Kong

Dear Sirs,

In accordance with the instructions of Rontex International Holdings Limited (the “Company”) for us to value the property interests held by the Company and its subsidiaries (together referred to as the “Group”) in Hong Kong and in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of those property interests as at 31st July, 2002 (the “date of valuation”).

Our valuation of each of the properties represents its open market value which we would define as intended to mean “an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:–

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the Group sells the property interests on the open market without the benefit of deferred term contracts, leasebacks, management agreements, or any similar arrangements which would serve to increase the value of the property interests.

In undertaking our valuation of the property interest which is situated in the PRC, we have, unless otherwise stated, valued it on the bases that transferable land use rights in respect of the property for specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the grantee or the user of the property has free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses 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 forming our opinion of value of the property interests in Group I which are held and occupied by the Group in Hong Kong, we have valued each of them by Direct Comparison Method by making reference to the comparable sale evidences as available in the relevant market.

In valuing the property interest in Group II which is held and occupied by the Group in the PRC, we have valued the land element by Direct Comparison Method by making reference to the comparable land prices and site transactions as available in the relevant market. In respect of the building element, we have valued it by Depreciated Replacement Cost Approach by taking into consideration the current reinstatement cost of similar structures of same floor area with due allowance for the physical and functional obsolescence of the building.

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 planning approval or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in the valuation certificate attached are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

We have not been provided with copies of the title documents relating to the property interests in Hong Kong but have caused searches to be made at the Urban Land Registry. We have been provided with extract of documents in relation to the title to the property interest in the PRC. However, we have not searched the original documents to ascertain ownership or to verify any amendments which may not appear on the copies handed to us but have relied upon information given to us by the Group and the Group's PRC legal adviser, GFE Law Office (also known as "Guangzhou Foreign Economic Law Office"), on the PRC laws in respect of the Group's property interest in the PRC.

We have inspected the exterior and, where possible, the interior of the properties. However, 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 other structural defects. 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.

Unless otherwise stated, all money amounts stated herein are in Hong Kong dollars. The exchange rates adopted in our valuations are HK\$1 = RMB1.06 which was the approximate exchange rate prevailing as at the date of valuation and there has been no significant fluctuation in such rate between that date and the date of this letter.

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

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
R.P.S. (GP), A.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. K. B. Wong is a Registered Professional Surveyor who has extensive experience in valuation of properties in Hong Kong and in the PRC.

SUMMARY OF VALUATIONS

Property	Capital value in existing state attributable to the Group as at 31st July, 2002 HK\$
Group I – Property interests held and occupied by the Group in Hong Kong	
1. Flat B on 1st Floor and its Flat Roofs and Car Parking Space No. 13 on Ground Floor, Haddon Court, 41C Conduit Road, Mid-Levels, Hong Kong	10,500,000
2. Offices A and B on 23rd Floor, Chun Wo Commercial Centre, 23, 25, 27 and 29 Wing Wo Street and 26 Wing Kut Street, Sheung Wan, Hong Kong	5,000,000
Sub-total:	
	15,500,000
Group II – Property interest held and occupied by the Group in the PRC	
3. A factory situated in Guan Village, Gaoqiao Town, Yinzhou District (formerly known as Yin County), Ningbo, Zhejiang Province, the PRC	6,850,000
Sub-total:	
	6,850,000
Grand total:	
	22,350,000

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
1. Flat B on 1st Floor and its Flat Roofs and Car Parking Space No. 13 on Ground Floor, Haddon Court, 41C Conduit Road, Mid-Levels, Hong Kong 19/472nd shares of and in Inland Lot No. 3104 and the Extension thereto	<p>The property comprises a domestic unit together with the attached flat roofs on the 1st floor and a car parking space on the ground floor of a 13-storey residential building in 1995.</p> <p>The gross floor area and saleable area of the property are approximately 163.79 sq.m. (1,763 sq.ft.) and 131.92 sq.m. (1,420 sq.ft.) respectively plus flat roofs of about 123.00 sq.m. (1,324 sq.ft.), excluding the area of the car parking space.</p> <p>The property is held under a Government lease for a term of 75 years from 28th January, 1924, renewed for a further term of 75 years which is due to expire on 27th January, 2074. The current Government rent payable for the whole of Inland Lot No. 3104 and the Extension is HK\$20,970 per annum.</p>	The property is occupied by the Group as director's quarters.	HK\$10,500,000

Notes:

- (1) The registered owner of the property is Take Luck Development Limited.
- (2) The property is subject to a Mortgage to secure general banking facilities and a Deed of Variation and Further Charge, both in favour of The Hongkong and Shanghai Banking Corporation Limited.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
2. Offices A and B on 23rd Floor, Chun Wo Commercial Centre, 23, 25, 27 and 29 Wing Wo Street and 26 Wing Kut Street, Sheung Wan, Hong Kong 8/218th shares of and in Inland Lot Nos.5364, 5473, 5474, 5475 and 5476	The property comprises the whole of 23rd floor of a 25-storey commercial building completed in 1993. The gross floor area and saleable area of the property are approximately 253.16 sq.m. (2,725 sq.ft.) and 195.00 sq.m. (2,099 sq.ft.) respectively. The property is held under five Government leases for terms of 981 years from 26th December, 1861. The total current Government rent payable for the subject lots is HK\$70 per annum.	The property is occupied by the Group as office.	HK\$5,000,000

Notes:

- (1) The registered owner of the property is Take Luck Development Limited.
- (2) The property is subject to a Mortgage to secure general banking facilities in favour of The Hongkong and Shanghai Banking Corporation Limited.

Group II – Property interest held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
3. A factory situated in Guan Village, Gaoqiao Town, Yinzhou District (formerly known as Yin County), Ningbo, Zhejiang Province, the PRC	<p>The property occupies a site with an area of 6,567.90 sq.m. (70,697 sq.ft.).</p> <p>The property comprises two 3-storey industrial buildings with a total gross floor area of 5,204.59 sq.m. (56,022 sq.ft.). The buildings were completed in 2001.</p> <p>The land use rights of the property have been granted for a term due to expire on 16th August, 2050 for industrial use.</p>	The property is currently occupied by the Group as a factory with ancillary office area.	HK\$6,850,000

Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2002) 05-023 issued by Yin County Land Resources Bureau in March 2002, the land use rights of the property, comprising a site area of 6,567.90 sq.m., have been granted to 寧波朗迪紡織品有限公司 (Rontex Co., Ltd.) for a term due to expire on 16th August, 2050 for “Industrial” use.
- (2) According to two Certificates for Housing Ownership Nos. C200200173 and C200200174 issued by Yin County Real Estate Administrative Bureau on 13th March, 2002, the title to the two buildings of the property, comprising a total gross floor area of 5,204.59 sq.m., is vested in 寧波朗迪紡織品有限公司 (Rontex Co., Ltd.).
- (3) According to the Land Acquisition Agreement entered into between 寧波朗迪紡織品有限公司 (Rontex Co., Ltd.) (“Party A”) and 鄞縣高橋鎮古庵村經濟合作社 (“Party B”) on 18th September, 2000, Party A has agreed to acquire a piece of land, comprising a site area of 6,600 sq.m., from Party B at a consideration of RMB1,800,000.
- (4) According to Business Licence No. Qi Du Zhe Yong Zong Fu Zi No. 004789, 寧波朗迪紡織品有限公司 (Rontex Co., Ltd.) has been incorporated as a sole-proprietorship enterprise with a registered capital of US\$700,000 and an operation period from 17th August, 2000 to 16th August, 2050.
- (5) The opinion of the Group’s legal adviser on PRC law states, inter alia, that:–
 - (i) Rontex Co., Ltd. has been properly incorporated as a foreign sole-proprietorship enterprise with a registered capital of US\$700,000 and an operation period of 50 years from 17th August, 2000 to 16th August, 2050.
 - (ii) Rontex Co., Ltd. is in possession of a proper title to the property and is entitled to transfer, lease and/or mortgage the property.
 - (iii) The property is subject to a charge in favour of Bank of Communication (Ningbo Branch) for a term from 10th May, 2002 to 10th May, 2005. Prior to transferring the property, Rontex Co., Ltd. shall obtain written consent of Bank of Communication (Ningbo Branch).
- (6) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:–
 - (i) 寧波朗迪紡織品有限公司 (Rontex Co., Ltd.) is in possession of a proper legal title to the property and is entitled to transfer the property together with the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;

- (iii)

the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv)

the property may be freely disposed of to both local and overseas purchasers.
- (7)

The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:-

Real Estate Certificate/Certificate for Housing Ownership	Yes
Certificate for the Use of State-owned Land	Yes
Grant Contract of State-owned Land Use Rights	N/A
Business Licence	Yes