



永利行評值顧問有限公司  
**RHL Appraisal Limited**  
*Corporate Valuation & Advisory*

T +852 2730 6212  
F +852 2736 9284

Room 1010, 10/F, Star House,  
Tsimshatsui, Hong Kong

2nd October 2009

**The Directors**  
**Sewco International Holdings Limited**  
18/F Wing Wong Commercial Building  
Nos. 557 and 559 Nathan Road  
Kowloon

Dear Sirs,

#### **INSTRUCTIONS**

We were instructed by **Sewco International Holdings Limited** (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") to value the property interests located in Hong Kong and in the People's Republic of China (referred to as the "PRC"), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31st July 2009 (referred to as the "Valuation Date").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

#### **BASIS OF VALUATION**

Our valuation of the property interests represents their 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". *RHL*

## PROPERTY INTERESTS CATEGORISATION

The property interests are categorised as follows:

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

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

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

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

## VALUATION METHODOLOGIES

In valuing the properties in Group I which are owned by the Group in Hong Kong, direct comparison method is adopted where comparison based on prices realized on actual sales of comparable properties are made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

In valuing the properties in Group II which are owned by the Group in the PRC, we have adopted a combination of the open market and depreciated replacement cost approaches in assessing the land portions of the properties and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the properties as a whole. In the valuation of the land portions, reference has been made to the comparables asking and/or sales transactions as available in the subject localities as well as the relevant benchmark land prices.

As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnished the most reliable indication of value for the property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

For the property interests in Group III and Group IV which are leased by the Group in Hong Kong and the PRC respectively, we have attributed no commercial value to the property interests due to inclusion of non-alienation clause or otherwise due to lack of substantial profit rent or short term nature as at the Valuation Date. *QW*

## VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of the Code on Takeovers and Mergers and Share Repurchase issued by the Securities and Futures Commission and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

## VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner 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.

For the Group II property interests located in the PRC and held by the Group on long term Land Use Rights Contract, according to the legal opinion dated 2nd October 2009 issued by the Company's PRC legal adviser, Hills & Co. (君道律師事務所), the Group has rights to possess and use such property interests as prescribed for the whole of the unexpired terms as set out in the land use rights certificates.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale.

There may be potential tax liability which would arise if the property interests were to be sold. Should disposal of the property interests under Groups I and II in our report be conducted, as advised by the Company, for the Group I properties located in Hong Kong, the potential tax liability is stamp duty (maximum 3.75% of transaction amount). We were also advised by the Company, for the Group II properties located in the PRC, the potential tax liabilities arising may include business tax (5% on the transaction amount), urban construction tax (5% of business tax), education tax (3% of business tax), corporate income tax (25% on net profit upon disposal); stamp duty (0.05% of transaction amount) and land appreciation tax (30% to 60% on the net appreciated amount less deductibles). Yet, unless and until completion of disposal of the property interest, the amount of the tax liabilities would not be quantifiable or crystallized. The Company has further confirmed that the Company has intention to dispose of the property nos. 1, 2 and 3 of Group I located in Hong Kong whilst has neither immediate plan nor intention to dispose of the remaining properties. The potential tax liability which would arise on disposal of the property nos.1, 2 and 3 includes stamp duty of approximately HK\$ 0.4 million based on our valuation at the Valuation Date and stamp duty rate in Hong Kong.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith. *Red*

## TITLE INVESTIGATION

We have been shown copies of various title documents including State-owned Land Use Rights Certificate, Building Ownership Certificate and tenancy agreement relating to the property interests and have made relevant enquiries. However, we have not examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the information dated 2nd October 2009 given by the Group and the Company's PRC legal adviser – Hills & Co. (君道律師事務所), concerning the validity of the title to the property interests.

In addition, we have caused searches to be made at the appropriate Land Registries for the property interests in Hong Kong. However, we have not verified ownership of the property interests or to verify the existence of any lease amendments which do not appear on the copies handed to us.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

## LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the property interests. However, 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 property interests are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. Our valuations have been made on the basis that there is no substantial change in the physical conditions of the Properties between the Valuation Date and the date of our inspection.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property interests but have assumed that the site areas shown on the documents 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 relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, planning approvals, particulars of occupancy, site and floor areas and in the identification of the property interests.

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 Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. *RHL*

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

## **EXCHANGE RATE**

All monetary sums stated in this report are in Hong Kong Dollars. Where appropriate, the exchange rate we have adopted is 1 Hong Kong Dollar (HK\$) to approximately 0.88 Renminbi (RMB) which was the prevailing exchange rate as at the Valuation Date.

Our summary of values and valuation certificates are herewith attached.

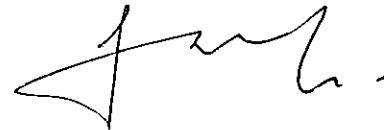
Yours faithfully,  
For and on behalf of  
**RHL Appraisal Ltd.**



**Serena S. W. Lau**

*FKHIS, AAPI, MRICS, RPS(GP), MBA(HKU)*

*Managing Director*



**Ian K. F. Ng**

*MBA BSc(EstMan) BSc MHKIS MRICS RPS(GP)*

*Senior Associate Director*

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a chartered surveyor of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Ian K. F. Ng is a Registered Professional Surveyor with over 6 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors as well as a chartered surveyor of The Royal Institution of Chartered Surveyors.

## SUMMARY OF VALUES

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

Property	Market value in existing state as at 31st July 2009 HK\$
1. Offices A & B on 8th floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon	4,400,000 (Hong Kong Dollars Four Million and Four Hundred Thousand Only)
2. Offices A & B on 17th floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon	4,580,000 (Hong Kong Dollars Four Million Five Hundred and Eighty Thousand Only)
3. Offices A & B on 18th floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon	4,620,000 (Hong Kong Dollars Four Million Six Hundred and Twenty Thousand Only)
4. Workshops C & D on 15/F of Block 1, Koon Wah Mirror Factory (6th) Industrial Building, Nos. 7-9 Ho Tin Street, Tuen Mun, New Territories	2,400,000 (Hong Kong Dollars Two Million and Four Hundred Thousand Only)

Sub-total: 16,000,000 *PKC*

<b>Property</b>	<b>Market value in existing state as at 31st July 2009 HK\$</b>
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**Group II – Property interests held and occupied by the Group in the PRC**

5. Land and Buildings located at Qi Gang Main Road, Gangkou Town, Zhongshan City, Guangdong Province, the PRC	30,000,000 (Hong Kong Dollars Thirty Million Only)
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(中國廣東省中山市港口鎮岐港公路土地及房屋)

6. Land and Buildings located at Sha Gang Road, Gangkou Town, Zhongshan City, Guangdong Province, the PRC	112,800,000 (Hong Kong Dollars One Hundred Twelve Million and Eight Hundred Thousand Only)
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(中國廣東省中山市港口鎮沙港路土地及房屋)

<b>Sub-total:</b>	<b>142,800,000</b>
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**Group III – Property interests leased by the Group in Hong Kong**

7. Unit C on 30th Floor, Grand Excelsior, No. 83 Waterloo Road, Kowloon	No commercial value
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<b>Sub-total:</b>	No commercial value <i>PKL</i>
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Property	Market value in existing state as at 31st July 2009 HK\$
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**Group IV – Property interests leased by the Group in the PRC**

- |   |                            |
|---|----------------------------|
| <p>8. A Dormitory<br/>Building Located<br/>at Shuisuo Road,<br/>Gangkou Town,<br/>Zhongshan City,<br/>Guangdong Province,<br/>the PRC,</p> <p>(中國廣東省中山市港口鎮稅所路一幢宿舍)</p>                    | <p>No commercial value</p> |
| <p>9. Unit D on level 1,<br/>Block C20,<br/>Phase 1 of Morning Star Villa,<br/>Gangkou Town,<br/>Zhongshan City,<br/>Guangdong Province,<br/>the PRC</p> <p>(中國廣東省中山市港口鎮星晨花園1期C20座1D)</p> | <p>No commercial value</p> |
| <p>10. No. 176<br/>Bi Song Yuan,<br/>Morning Star Villa,<br/>Gangkou Town,<br/>Zhongshan City,<br/>Guangdong Province,<br/>the PRC</p> <p>(中國廣東省中山市港口鎮星晨花園碧松園176座)<i>put</i></p>          | <p>No commercial value</p> |





## VALUATION CERTIFICATE

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

Property	Description	Particulars of occupancy	Market value in existing state as at 31st July 2009 <i>HK\$</i>
1.	Offices A & B on 8th floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon  (10/620th shares (Re: office A on 8th floor) and 10/620th shares (Re: office B on 8th floor) of and in the Remaining Portion of Section A and the Remaining Portion of Kowloon Inland Lot No. 1440.)	The property comprises 2 office units on 8th floor of Wing Wong Commercial Building, a 21-storey commercial building including a basement floor completed in about 1977.  The total saleable area of the property is approximately 117.98 square metres which is broken down as follows:	4,400,000 (Hong Kong Dollars Four Million and Four Hundred Thousand Only)
	Unit	Saleable Area ( <i>sq.m.</i> ) <i>approx.</i>	
	8A	59.92	
	8B	58.06	
	<b>Total:</b>	<u><u>117.98</u></u>	
	The property is held under Government Lease for a term of 75 years renewable for 75 years commencing on 28th December 1921.		

*Notes:*

1. The registered owner of the property is Sewco Toys & Novelty Limited vide memorial no. UB7299452 dated 15th September 1997.
2. The property is subject to a legal charge in favour of Fubon Bank (Hong Kong) Limited vide memorial no. 07083000880033 dated 16th August 2007.
3. The property falls within an area zoned "Commercial" under Approved Yau Ma Tei Outline Zone Plan No. S/K2/20.
4. Sewco Toys & Novelty Limited (崇高實業有限公司) is an indirect wholly-owned subsidiary of the Company. *RSL*

## VALUATION CERTIFICATE

Property	Description	Particulars of occupancy	Market value in existing state as at 31st July 2009 <i>HK\$</i>								
2. Offices A & B on 17th floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon  (10/620th shares (Re: office A on 17th floor) and 10/620th shares (Re: office B on 17th floor) of and in the Remaining Portion of Section A and the Remaining Portion of Kowloon Inland Lot No. 1440.)	<p>The property comprises 2 office units on 17th floor of Wing Wong Commercial Building, a 21-storey commercial building including a basement floor completed in about 1977.</p> <p>The total saleable area of the property is approximately 117.98 square metres which is broken down as follows:</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Unit</th> <th style="text-align: right;">Saleable Area (sq.m.) approx.</th> </tr> </thead> <tbody> <tr> <td>17A</td> <td style="text-align: right;">59.92</td> </tr> <tr> <td>17B</td> <td style="text-align: right;">58.06</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><u><u>117.98</u></u></td> </tr> </tbody> </table>	Unit	Saleable Area (sq.m.) approx.	17A	59.92	17B	58.06	<b>Total:</b>	<u><u>117.98</u></u>	<p>The property is currently occupied by the Group for office use.</p>	<p>4,580,000 (Hong Kong Dollars Four Million Five Hundred and Eighty Thousand Only)</p>
Unit	Saleable Area (sq.m.) approx.										
17A	59.92										
17B	58.06										
<b>Total:</b>	<u><u>117.98</u></u>										
	<p>The property is held under Government Lease for a term of 75 years renewable for 75 years commencing on 28th December 1921.</p>										

*Notes:*

1. The registered owner of the property is Sewco Toys & Novelty Limited vide memorial nos. UB4884939 and UB7820512 dated 13th June 1991 and 28th June 1999 respectively.
2. The property is subject to a legal charge in favour of Fubon Bank (Hong Kong) Limited vide memorial no. 07083000880033 dated 16th August 2007.
3. The property falls within an area zoned "Commercial" under Approved Yau Ma Tei Outline Zone Plan No. S/K2/20.
4. Sewco Toys & Novelty Limited (崇高實業有限公司) is an indirect wholly-owned subsidiary of the Company. *pkc*

## VALUATION CERTIFICATE

Property	Description	Particulars of occupancy	Market value in existing state as at 31st July 2009 <i>HK\$</i>								
3. Offices A & B on 18th floor, Wing Wong Commercial Building, Nos. 557 and 559 Nathan Road, Kowloon  (10/620th shares (Re: office A on 18th floor) and 10/620th shares (Re: office B on 18th floor) of and in the Remaining Portion of Section A and the Remaining Portion of Kowloon Inland Lot No. 1440.)	<p>The property comprises 2 office units on 18th floor of Wing Wong Commercial Building, a 21-storey commercial building including a basement floor completed in about 1977.</p> <p>The total saleable area of the property is approximately 117.98 square metres which is broken down as follows:</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Unit</th> <th style="text-align: right;">Saleable Area (sq.m.) approx.</th> </tr> </thead> <tbody> <tr> <td>18A</td> <td style="text-align: right;">59.92</td> </tr> <tr> <td>18B</td> <td style="text-align: right;"><u>58.06</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u><u>117.98</u></u></b></td> </tr> </tbody> </table> <p>The property is held under Government Lease for a term of 75 years renewable for 75 years commencing on 28th December 1921.</p>	Unit	Saleable Area (sq.m.) approx.	18A	59.92	18B	<u>58.06</u>	<b>Total:</b>	<b><u><u>117.98</u></u></b>	<p>The property is currently occupied by the Group for office use.</p>	<p>4,620,000 (Hong Kong Dollars Four Million Six Hundred and Twenty Thousand Only)</p>
Unit	Saleable Area (sq.m.) approx.										
18A	59.92										
18B	<u>58.06</u>										
<b>Total:</b>	<b><u><u>117.98</u></u></b>										

**Notes:**

1. The registered owner of the property is Sewco Toys & Novelty Limited vide memorial no. UB4856356 dated 31st May 1991.
2. The property is subject to a legal charge in favour of Fubon Bank (Hong Kong) Limited vide memorial no. 07083000880033 dated 16th August 2007.
3. The property falls within an area zoned "Commercial" under Approved Yau Ma Tei Outline Zone Plan No. S/K2/20.
4. Sewco Toys & Novelty Limited (崇高實業有限公司) is an indirect wholly-owned subsidiary of the Company. *RW*

## VALUATION CERTIFICATE

Property	Description	Particulars of occupancy	Market value in existing state as at 31st July 2009 <i>HK\$</i>										
4.	<p>Workshop C (incl. its store room) and Workshop D on 15/F of Block 1, Koon Wah Mirror Factory (6th) Industrial Building, Nos. 7-9 Ho Tin Street, Tuen Mun, New Territories</p> <p>90/15946th shares (Re: Workshop C (Incl. its store room)) and 103/15946th shares (Re: Workshop D) of and in Tuen Mun Town Lot No. 240.</p>	<p>The property comprises 2 workshop units on 15th floor of Koon Wah Mirror Factory (6th) Industrial Building Block 1, a 17-storey building, completed in about 1987.</p> <p>The total saleable area of the property is approximately 365.58 square metres which is broken down as follows:</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Unit</th> <th style="text-align: right;">Saleable Area (sq.m.) approx</th> </tr> </thead> <tbody> <tr> <td>15</td> <td style="text-align: right;">161.19</td> </tr> <tr> <td>Storeroom of 15C</td> <td style="text-align: right;">10.22</td> </tr> <tr> <td>15D</td> <td style="text-align: right;"><u>194.17</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>365.58</u></b></td> </tr> </tbody> </table> <p>The property is held under New Grant No. 2581 for a term of 99 years commencing on 1st July 1898. In our valuation, we have taken into account that such leases are extended without premium until 30th June 2047 with annual rent of three percent of the rateable value of the property charged from the date of extension.</p>	Unit	Saleable Area (sq.m.) approx	15	161.19	Storeroom of 15C	10.22	15D	<u>194.17</u>	<b>Total:</b>	<b><u>365.58</u></b>	<p>The property is currently occupied by the Group for industrial and storage uses.</p> <p style="text-align: right;">2,400,000 (Hong Kong Dollars Two Million and Four Hundred Thousand Only)</p>
Unit	Saleable Area (sq.m.) approx												
15	161.19												
Storeroom of 15C	10.22												
15D	<u>194.17</u>												
<b>Total:</b>	<b><u>365.58</u></b>												

*Notes:*

1. The registered owner of the property is Sewco Toys & Novelty Limited vide memorial nos. TM325442 and TM325443 dated 4th March 1988 and 4th March 1988 respectively.
2. The property falls within an area zoned "Industrial" under the draft Tuen Mun Outline Zone Plan No. S/TM/25.
3. Sewco Toys & Novelty Limited (崇高實業有限公司) is an indirect wholly-owned subsidiary of the Company. *RM*

## VALUATION CERTIFICATE

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

Property	Description	Particulars of occupancy	Market value in existing state as at 31st July 2009 HK\$
5.	<p>Land and Buildings located at Qi Gang Main Road, Gangkou Town, Zhongshan City, Guangdong Province the PRC.</p> <p>(中國廣東省中山市港口鎮岐港公路土地及房屋)</p>	<p>The property comprises two parcels of land with a total site area of approximately 28,437.896 square metres on which three industrial buildings, warehouse and various ancillary buildings completed between 1986 and 2002 were erected.</p> <p>As advised by the Company, the total gross floor area of the property is approximately 28,150.45 square metres.</p> <p>The land use rights of the property were granted for various terms with the latest expiring on 21st June 2051 for industrial use.</p>	<p>30,000,000 (Hong Kong Dollars Thirty Million Only)</p>

*Notes:*

1. Pursuant to two State-owned Land Use Rights Certificates issued by the People's Government of Zhongshan City, the land use rights of two parcels of land with a total site area of approximately 28,437.896 square metres were granted to 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited). The details are set out as follows:

State-owned Land Use Rights Certificate nos.	Date of Issue	Site Area (sq.m.)	Use	Expiry Date
Zhong Fu Guo Yong (Zhuan) Zi Di No. 0581	29-Dec-1995	26,501.096	Industrial	30-Nov-2045
Zhong Fu Guo Yong (2007) Zi Di No. 111453	25-Dec-2007	1,936.8	Industrial	21-Jun-2051
<b>Total:</b>		<b><u>28,437.896</u></b>		

2. Pursuant to two Certificates of Real Estate Ownership issued by the People's Government of Zhongshan City, the property with a total gross floor area of approximately 28,150.45 square metres were legally vested in 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) for industrial use. The details are set out as follows:

Certificates of Real Estate Ownership nos.	Date of Issue	Building	Gross Floor Area (sq.m.)	Expiry Date
Yue Fang Di Zheng Zi Di No. C0736227	26-Mar-2002	6 storey Industry	26,687.03	30-Nov-2045
Yue Fang Di Zheng Zi Di No. C5767233	25-Dec-2007	Single-storey warehouse	1,463.42	21-Jun-2051
<b>Total:</b>			<b><u>28,150.45</u></b>	

3. Pursuant to a Maximum Amount Mortgage Contract – No. 44906200900002983 dated 1st April 2009 entered into between Agricultural Bank of China – Zhongshan Shiqi Branch and 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited), it was agreed that the property is subject to a mortgage in favour of Agricultural Bank of China – Zhongshan Shiqi Branch to an extent of RMB25,000,000 for a term of 3 years commencing from 1st April 2009 to 1st April 2012.
4. Pursuant to two Real Estate Other Rights Certificates- Yue Fang Ta Zheng Zi Di Nos. C2663643 and C2663642 both dated 9th April 2009 issued by the Land Resources Bureau of Zhongshan City, the property is subject to a mortgage in favour of Agricultural Bank of China – Zhongshan Shiqi Branch to an extent of RMB25,000,000 for a term of 3 years commencing from 1st April 2009 to 1st April 2012.
5. 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) is an indirect wholly-owned subsidiary of the Company.
6. The major certificates and permits of the property are summarized as follows:
 

(i) State-owned Land Use Rights Certificate	Yes
(ii) Certificate of Real Estate Ownership	Yes
7. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - (i) 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) legally owns the property and has the right to possess and use the property as prescribed for the whole of the unexpired term of the land use rights certificate and is protected by PRC laws;
  - (ii) the land premium has been paid in full;
  - (iii) the property is not subject to encumbrance except a mortgage in favour of Agricultural Bank of China – Zhongshan Shiqi Branch; and
  - (iv) 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) is entitled to lease, transfer, and re-mortgage the property upon the approval from Agricultural Bank of China – Zhongshan Shiqi Branch. *PKL*

## VALUATION CERTIFICATE

Property	Description	Particulars of occupancy	Market value in existing state as at 31st July 2009 <i>HK\$</i>										
6. Land and Buildings located at Sha Gang Road, Gangkou Town, Zhongshan City, Guangdong Province  中國廣東省中山市港口鎮沙港公路土地及房屋)	<p>The property comprises a parcel of land with a site area of approximately 66,368.6 square metres on which various buildings and structures completed between 1997 and 2005 were erected.</p> <p>As advised by the Company, the total gross floor area of the property is approximately 82,761.17 square metres with breakdown as follows:</p> <table border="0" style="margin-left: 40px; width: 60%;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (<i>approx.</i>) (<i>sq.m.</i>)</th> </tr> </thead> <tbody> <tr> <td>Factory</td> <td style="text-align: right;">55,683.31</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: right;">15,491.71</td> </tr> <tr> <td>Warehouse</td> <td style="text-align: right;">11,586.15</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>82,761.17</u></b></td> </tr> </tbody> </table>	Use	Gross Floor Area ( <i>approx.</i> ) ( <i>sq.m.</i> )	Factory	55,683.31	Dormitory	15,491.71	Warehouse	11,586.15	<b>Total</b>	<b><u>82,761.17</u></b>	The property is currently occupied by the Group for industrial purpose.	112,800,000 (Hong Kong Dollars One Hundred Twelve Million and Eight Hundred Thousand Only)
Use	Gross Floor Area ( <i>approx.</i> ) ( <i>sq.m.</i> )												
Factory	55,683.31												
Dormitory	15,491.71												
Warehouse	11,586.15												
<b>Total</b>	<b><u>82,761.17</u></b>												
	<p>The land use rights of the property were granted for a term expiring on 30th September 2046 for industrial use.</p>												

*Notes:*

1. Pursuant to State-owned Land Use Rights Certificate – Zhong Fu Guo Yong (2007) Di No. 110374 issued by the People’s Government of Zhongshan City dated 3rd April 2007, the land use rights of the parcel of land with a site area of approximately 66,368.6 square metres were granted to 崇高實業有限公司 (Sewco Toys & Novelty Limited) for a term expiring on 30th September 2046 for industrial use.



2. Pursuant to two Certificate of Real Estate Ownership issued by the People's Government of Guangdong Province, portion of the property with a total gross floor area of approximately 82,761.17 square metres were legally vested in 崇高實業有限公司 (Sewco Toys & Novelty Limited) for industrial uses. The details are set out as follows:

Certificate of Real Estate Ownership nos.	Date of Issue	Building	Gross Floor Area (sq.m.)
Yue Fang Di Zheng Zi Di No. C5292059	08-Aug-2007	A single storey warehouse	11,586.15
Yue Fang Di Zheng Zi Di No. C5301870	31-May-2007	Two 5-storey industries; and Three 6-storey dormitories;	71,175.02
		<b>Total:</b>	<b><u>82,761.17</u></b>

3. Pursuant to the Maximum Amount Mortgage Contract – No. (2008) Zhong Yin Zui Di Zi Di No. 016208 dated 8th October 2008 entered into between Guangdong Development Bank – Zhongshan Branch and 崇高實業有限公司 (Sewco Toys & Novelty Limited), it was agreed that the property is subject to a mortgage in favour of Guangdong Development Bank – Zhongshan Branch to a maximum extent of RMB106,138,000 for a term commencing from 7th October 2008 to 14th August 2011.


4. Pursuant to a Real Estate Other Rights Certificate – Yue Fang Ta Zheng Zi Di No. C2398871 dated 12th October 2008 issued by the Land Resources Bureau of Zhongshan City, the property is subject to a mortgage in favour of Guangdong Development Bank – Zhongshan Branch.

5. Sewco Toys & Novelty Limited (崇高實業有限公司) is an indirect wholly-owned subsidiary of the Company.

6. The major certificates and permits of the property are summarized as follows:

(i) State-owned Land Use Rights Certificate	Yes
(ii) Certificate of Real Estate Ownership	Yes

7. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:


- (i) 崇高實業有限公司 (Sewco Toys & Novelty Limited) legally owns the property and has the right to possess and use the property as prescribed for the whole of the unexpired term of the land use rights certificate and is protected by PRC laws;
- (ii) the land premium has been paid in full;
- (iii) the property is not subject to encumbrance except a mortgage in favour of Guangdong Development Bank – Zhongshan Branch; and
- (iv) 崇高實業有限公司 (Sewco Toys & Novelty Limited) is entitled to lease, transfer, and re-mortgage the property upon the approval from Guangdong Development Bank – Zhongshan Branch. 

## VALUATION CERTIFICATE

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

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31st July 2009 HK\$
7. Unit C on 30th Floor, Grand Excelsior, No. 83 Waterloo Road, Kowloon (94/17380th shares of the Remaining Portion of Kowloon Inland Lot No. 2214)	<p>The property comprises a residential unit on 30th floor of Grand Excelsior, a 32-storey residential building completed in about 2002.</p> <p>The saleable area of the property is approximately 88.7 square metres plus bay window of approximately 3.8 square metres.</p> <p>The property is subject to a tenancy agreement for a term of 2 years commencing on 1st January 2008 and expiring on 31st December 2009.</p>	The property is currently occupied by the Group for staff quarter use.	No commercial value

*Notes:*

1. The registered owner of the property is Cheung Man Catherine who is an Executive Director of the Group.
2. Pursuant to a Tenancy Agreement dated 18th February 2008 entered into between Cheung Man Catherine and Pearl Delta Toys Limited, the property was leased to Pearl Delta Toys Limited as residential use for a term of 2 year commencing on 1st January 2008 in a monthly rent of HK\$17,000 exclusive of rates and service charges.
3. The property falls within an area zoned "Residential (Group B)" under Approved Ho Man Tin Outline Zone Plan No. S/K7/20.
4. Pearl Delta Toys Limited is an indirectly wholly-owned subsidiary of the Company. 

## VALUATION CERTIFICATE

### Group IV – Property interests leased by the Group in the PRC

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31st July 2009 HK\$
8.	<p>A Dormitory Building Located at Shuisuo Road, Gangkou Town, Zhongshan City, Guangdong Province, the PRC</p> <p>(中國廣東省中山市港口鎮稅所路一幢宿舍)</p>	<p>The property comprises a 4-storey dormitory building completed in about 1990's.</p> <p>As advised by the Company, the gross floor area of the property is approximately 655.07 square metres.</p> <p>The property is subject to a tenancy agreement for a term of 2 year commencing on 1st October 2007 and expiring on 30th September 2009.</p>	<p>The property is currently occupied by the Group for staff quarter use.</p> <p>No commercial value</p>

*Notes:*

1. Pursuant to a Tenancy Agreement dated 26th September 2007 entered into between 何潔梅 (the "Lessor"), an independent third party, and 崇高實業有限公司 (Sewco Toys & Novelty Limited) (the "Lessee"), the property was leased to 崇高實業有限公司 as staff quarter use for a term of 2 year commencing on 1st October 2007 and expiring on 30th September 2009 in a monthly rent of HK\$ 3,700 exclusive of electricity and water charges.
2. 崇高實業有限公司 (Sewco Toys & Novelty Limited) is an indirect wholly-owned subsidiary of the Company.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, inter alia,
  - (i) the Lessor owns the property and is entitled to lease the property;
  - (ii) the tenancy agreement has not been registered with the local authority; and
  - (iii) the tenancy agreement is valid and legally enforceable under the PRC laws. *per*

## VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31st July 2009 HK\$
9. Unit D on level 1, Block C20, Phase 1 of Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC  (中國廣東省中山市港口鎮星晨花園I期C20座1D)	The property comprises a residential unit on level 1 of a 4-storey residential building completed in about 1995.  As advised by the Company, the gross floor area of the property is approximately 93 square metres.  The property is subject to a tenancy agreement for a term of 10 months commencing on 1st March 2009 and expiring on 31st December 2009.	The property is occupied currently by the Group as staff quarter use.	No commercial value

*Notes:*

1. Pursuant to the Tenancy Agreement dated 10th April 2009 entered into between 謝錦香 (the "Lessor"), an independent third party], and 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) (the "Lessee"), the property was leased to 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) as staff quarter use for a term of 10 months commencing on 1st March 2009 and expiring on 31st December 2009 in a monthly rent of HK\$1,300 exclusive of management fee and utility charges.
2. 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) is an indirect wholly-owned subsidiary of the Company.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*,
  - (i) the Lessor may not own the property and not be entitled to lease the property;
  - (ii) the tenancy agreement has not been registered with the local authority; and
  - (iii) the Lessee is subject to a risk to vacate the property but not subject to any penalties for leasing the property. *RH*

## VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31st July 2009 HK\$
10. No. 176 Bi Song Yuan, Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC  (中國廣東省中山市港口鎮星晨花園碧松園176座)	The property comprises a 3-storey villa completed in about 1995.  As advised by the Company, the gross floor area of the property is approximately 305 square metres.  The property is subject to a tenancy agreement for a term of 1 year commencing on 1st July 2009 and expiring on 30th June 2010.	The property is currently occupied by the Group for staff quarter use	No commercial value

*Notes:*

1. Pursuant to a Tenancy Agreement entered into between 恆禧發展有限公司 (the "Lessor"), a company owned by Mr Cheung Po Lung, ex-controlling shareholder and the father of Ms Cheung Yan, Priscilla and Ms Cheung Man, Catherine, directors of the company, and 崇高實業有限公司 (Sewco Toys & Novelty Limited) (the "Lessee"), the property was leased to 崇高實業有限公司 (Sewco Toys & Novelty Limited) as staff quarter use for a term of 1 year commencing on 1st July 2009 and expiring on 30th June 2010 in a monthly rent of HK\$5,000 exclusive of management fee, electricity and water charges.
2. 崇高實業有限公司 (Sewco Toys & Novelty Limited) is an indirect wholly-owned subsidiary of the Company.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*,
  - (i) the Lessor may not own the property and not be entitled to lease the property;
  - (ii) the tenancy agreement has not been registered with the local authority; and
  - (iii) the Lessee is subject to a risk to vacate the property but not subject to any penalties for leasing the property. *put*

## VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31st July 2009 HK\$
11. No. VH51B Yi Xian Ju, Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC  (中國廣東省中山市 港口鎮星晨花園 意閣居VH51B號)	The property comprises a 3-storey villa completed in about 2002.  The gross floor area of the property is approximately 110 square metres.  The property is subject to a tenancy agreement for a term of 1 year commencing on 1st July 2009 and expiring on 30th June 2010.	The property is currently occupied by the Group for staff quarter use.	No commercial value

*Notes:*

1. Pursuant to a Tenancy Agreement entered into among 劉慧琴·敖支援 (the "Lessor"), both are independent third parties and 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) (the "Lessee"), the property with a gross floor area of approximately 110 square metres was leased to 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) as staff quarter use for a term of 1 year commencing on 1st July 2009 and expiring on 30th June 2010 in a monthly rent of RMB3,000 exclusive of management fee and utility charges.
2. 中山崇高玩具製品廠有限公司 (Zhongshan Sewco Toys & Novelty Limited) is an indirect wholly-owned subsidiary of the Company.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*,
  - (i) the Lessor may not own the property and not be entitled to lease the property;
  - (ii) the tenancy agreement has not been registered with the local authority; and
  - (iii) the Lessee is subject to a risk to vacate the property but not subject to any penalties for leasing the property. *RKL*