

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM358444

SUBMISSION TYPE:	CORRECTIVE ASSIGNMENT		
NATURE OF CONVEYANCE:	Corrective Assignment to correct the the supporting documents previously recorded on Reel 005640 Frame 0850. Assignor(s) hereby confirms the the assignment of the entire interest and the goodwill of the trademarks in the supporting documents to Assignee..		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
CHROMCRAFT REVINGTON, INC.		03/08/2015	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	CHROMCRAFT REVINGTON DOUGLAS IND LTD		
Street Address:	2009 S PARCO AVE		
City:	ONTARIO		
State/Country:	CALIFORNIA		
Postal Code:	91761		
Entity Type:	CORPORATION: CALIFORNIA		
PROPERTY NUMBERS Total: 16			
Property Type	Number	Word Mark	
Registration Number:	4384408		
Registration Number:	4265139	COCHRANE	
Registration Number:	4039286	CHROMCRAFT	
Registration Number:	3946088	DESIGN & DINE	
Registration Number:	3916379	COCHRANE	
Registration Number:	3788094	PETERS-REVINGTON	
Registration Number:	3915126	CR KIDS & BEYOND	
Registration Number:	3944755	CHROMCRAFT REVINGTON	
Registration Number:	3469089	ME	
Registration Number:	3469088	ZYN	
Registration Number:	3469086	EPIX	
Registration Number:	3624304	CHROMCRAFT	
Registration Number:	3648136	DIVA	
Registration Number:	3632077	TRAK	
Registration Number:	3623607	FACET	
Registration Number:	3592111	ICON	

OP \$415.00 4384408

CORRESPONDENCE DATA**Fax Number:**

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Phone: 9098616880

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Correspondent Name: Bin Li

Address Line 1: 730 N Diamond Bar Blvd

Address Line 4: Diamond Bar, CALIFORNIA 91765

NAME OF SUBMITTER:	Bin Li
SIGNATURE:	/Bin Li/
DATE SIGNED:	10/13/2015

Total Attachments: 72

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ETAS ID: TM357863

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT OF THE ENTIRE INTEREST AND THE GOODWILL

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
CHROMCRAFT REVINGTON, INC.		10/06/2015	CORPORATION:

RECEIVING PARTY DATA

Name:	CHROMCRAFT REVINGTON DOUGLAS IND LTD
Street Address:	2009 S PARCO AVE
City:	ONTARIO
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Correspondent Name: Bin Li
Address Line 1: 730 N Diamond Bar Blvd
Address Line 4: Diamond Bar, CALIFORNIA 91765

NAME OF SUBMITTER:	Bin Li
SIGNATURE:	/Bin Li/
DATE SIGNED:	10/07/2015

Total Attachments: 5

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Chromcraft Revington, Inc., et al.,¹
Debtors.

Chapter 11

Case No. 15-10482 (KG)

(Joint Administration Requested)

**MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE SALE OF CERTAIN
ASSETS OF CHROMCRAFT REVINGTON, INC. FREE AND CLEAR OF LIENS,
CLAIMS AND ENCUMBRANCES, SUBJECT TO
HIGHER AND BETTER OFFERS AND (II) GRANTING RELATED RELIEF**

Chromcraft Revington, Inc. (“Chromcraft” or the “Debtor”), by and through its undersigned proposed counsel, hereby submits this motion (the “Motion”), pursuant to sections 105(a) and 363 of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for entry of an order, substantially in the form submitted herewith, (i) authorizing the sale of certain of its assets free and clear of liens, claims and encumbrances, subject to higher and better offers and (ii) granting related relief. In support of this Motion, the Debtor submits the Declaration in Support of Motion of the Debtor for Entry of an order (i) Authorizing the Sale of Certain of its Assets Free and Clear of Liens, Claims and Encumbrances, Subject to Higher and Better Offers and (ii) Granting Related Relief (the “Kidston Declaration”), filed contemporaneously herewith, and respectfully states as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: (1) Chromcraft Revington, Inc. (8094) and (2) Sport-Haley Holdings, Inc. (0885) (“Holding” and together with Chromcraft, the “Debtors”). The location of the Debtors’ corporate headquarters is 200 Union Boulevard, Suite 400, Lakewood, Colorado 80228.



JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief requested herein are sections 105(a) and 363 of the Bankruptcy Code, and Rules 2002, 6004(h) and 6006(d), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

BACKGROUND

3. On March 5, 2015 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).

4. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or official committee of unsecured creditors (a “Committee”) has been appointed in these Chapter 11 Cases.

5. The factual background regarding the Debtors, including their business operations, their capital and debt structure, and the events leading to the filing of these Chapter 11 Cases, is set forth in detail in the Declaration in Support of Chapter 11 Petitions and First Day Pleadings (the “First Day Declaration”) filed on March 6, 2015 [D.I. 7] herewith.

6. As set forth in the First Day Declaration, substantially all of Chromcraft’s assets are subject to a lien and security interest in favor of Merchant Factors, Corp.

7. Since ceasing its operations in May 2014, Chromcraft, in conjunction with its professionals, was marketing its assets for sale. To that end, as set forth in the First Day Declaration, Chromcraft engaged a chief restructuring officer to assist in the marketing process.

As set forth in the Kidston Declaration, only one party ultimately offered to purchase Chromcraft's intellectual property, with the potential for the acquisition of other de-minimis assets and lease of space at the Debtor's premises. The Debtor believes that the transactions set forth in the Agreement (as defined below) are in the best interests of the estate and its creditors.

RELIEF REQUESTED

8. By this Motion, the Debtor seeks the entry of an order (i) authorizing the sale of certain of its assets to Arts and Crafts Industries Ltd. or a higher bidder (the "Buyer") as set forth in the Agreement (as defined below) free and clear of liens, claims and encumbrances, subject to higher and better offers and (iii) granting related relief.

DESCRIPTION OF THE PROPOSED SALE

A. The Proposed Sale

9. Chromcraft proposes to sell (the "Sale") certain of its assets to the Buyer pursuant to the terms of an Asset Purchase Agreement between the Seller and the Buyer, substantially in the form attached to the proposed order as **Exhibit A** (the "Agreement"). The salient terms of the Agreement are as follows:²

- (a) **Assets to be Acquired.** Subject to the terms and conditions of the Agreement and the Sale Order, and upon entry of the Sale Order, at the Closing, Chromcraft shall sell, convey, assign, transfer and deliver to the Buyer, free and clear of all Liens as provided in the Sale Order and the Buyer shall purchase, acquire and accept from Chromcraft, all of Chromcraft's right, title and interest in the Acquired Assets listed on Schedule 2.1(b)(i) and 2.1(b)(ii) of the Agreement (the "Acquired Assets"). Pursuant to Section 3.3 of the Agreement, Buyer may also purchase other de-minimis assets from Chromcraft and enter into a lease as set forth in the Agreement.

² The following represents only a summary of the salient provisions of the Agreement. The Agreement itself should be referred to in its entirety for the specific terms and conditions thereof. If there is any inconsistency between the following summary and the Agreement, the terms and conditions of the Agreement will control. Capitalized terms used, but not defined in the following summary, have the meanings ascribed to such terms in the Agreement.

- (b) **Excluded Assets.** The Buyer does not assume and shall have no right to any asset of Chromcraft that is not expressly assumed by the Buyer as an Acquired Asset (collectively, the “Excluded Assets”), which Excluded Assets include, for the avoidance of doubt, those assets identified on Schedule **Error! Reference source not found.** of the Agreement.
- (c) **Excluded Liabilities.** The Buyer does not assume any Liability that is not expressly assumed by the Buyer as an Assumed Liability (collectively, the “Excluded Liabilities”), which Excluded Liabilities include, for the avoidance of doubt: (i) Except as provided in Section 6.8 of the Agreement, all Liabilities arising out of or relating to the ownership of the Acquired Assets on or prior to the Closing, including but not limited to the pending dispute over the Seller’s ability to use the China Trade Marks in China and any other infringement matter; (ii) all Liabilities arising out of or relating to the ownership of the Excluded Assets; (iii) all Liabilities for any indebtedness of Chromcraft; and (iv) all Liabilities for any costs and expenses incurred or to be incurred by Chromcraft in connection with the Agreement and the consummation of the transactions contemplated thereby.
- (d) **Closing.** The consummation of the transactions contemplated in the Agreement (the “Closing”) shall take place on the second Business Day after all of the conditions set forth in Article 7 of the Agreement, other than those conditions that by their nature are to be satisfied at the Closing, have been either satisfied or waived by the Party entitled to waive such condition or on such other date as the Parties shall mutually agree. The actual date of the Closing is the “Closing Date.”
- (e) **Purchase Price.** In consideration for the Acquired Assets and subject to the terms and conditions of the Agreement, including Section 2.4 thereof, the Buyer shall at the Closing assume any post-Closing liabilities associated with the Acquired Assets. The Purchase Price for the Acquired Assets is \$1,500,000 (one million five hundred thousand dollars), remitted to the Seller or its designee over time as more fully set forth in Sections 3.2 and 3.4 of the Agreement and as may be increased to \$1,750,000 (one million seven hundred fifty thousand dollars) as set forth in Section 3.2(c) of the Agreement, or decreased as set forth in section 6.8 of the Agreement.
- (f) **Other Transactions.** As set forth in section 3.3 of the Agreement, Chromcraft and the Buyer agreed to negotiate in good faith for the Buyer’s acquisition from Chromcraft of the following: (a) Purchase from Chromcraft at Seller’s full cost value all of Seller’s finished goods (continued products with complete sets only); (b) Purchase from Seller at Seller’s full cost value, by the earlier of when Buyer is able to create complete sets or December 31, 2015, all of Seller’s finished goods that are continued products (incomplete sets needing additional parts to make

saleable); (c) Purchase from Seller at Seller's full cost value, by the earlier of when goods are used by Buyer or shipped by Buyer to Asia for additional manufacturing process or July 1, 2016, all of Seller's work in process that the Parties determine are usable by the Buyer (assorted semi-finished parts needing additional manufacturing processes to include welding, painting, staining, upholstering, etc., and also consisting of armatures, stained wood components, arm rest, dynoc adhesive wrap, and foam) (Seller agrees to consign such work in process to Buyer's possession provided that such all consigned work in process products/goods are warehoused at the Seller Premises and a full accounting of the remaining work in process is performed on a quarterly basis); (d) Purchase from Seller component parts (component parts that represent inventory values of approximately one year's expected usage (upholstery fabric, arm caps, bases, slides, casters, stamped metal, and sundry components) of Buyer's choice at 25% of Seller's full cost value; (e) Purchase from Seller of Seller's furniture, fixture and equipment as determined by the Buyer at full market value); and (f) Buyer lease from Seller no less than 100,000 square feet of space at the Seller Premises designated by Seller and approved by Buyer upon the following terms: (a) 5 year lease commencing June 1, 2015, (b) \$2 per square foot per year, (c) triple net lease as defined in the industry with annual escalation of 2%, and (d) renewal option for an additional 5-year term subject to a 2% per year escalation. If such a lease is entered into between Buyer and Seller, and solely from its inventory located in its Mississippi warehouse, Seller will provide Buyer the following: storage racks, racks to store finished goods, work in process, and raw materials (primarily upholstery). Seller will make necessary repairs to the leased space and for such space to be in rentable condition in accordance with industry standards. Seller will be responsible for all structural repairs to the leased space other than those damages caused by Buyer. In addition and through good faith negotiations, Seller will absorb, through reduction in Buyer's lease payments or cash consideration, at least half (if cash consideration, Seller's contribution shall be 50%, if reduction of lease payments, Seller's contribution shall be 100%) of the reasonable moving costs associated with Buyer's moving its then existing inventory from current warehouses located in California and North Carolina to the Seller Premises. Buyer estimates the cost to be in the range of \$70,000 - \$150,000. Buyer shall provide proof of costs to Seller on or before the execution date of the lease. Chromcraft believes that these "other assets", other than the lease, may realize sale proceeds of approximately \$200,000. These "other assets" have very little value, if any, in a liquidation scenario.

- (g) **Interim Month-to-Month Lease.** Pursuant to Section 3.8 of the Agreement, the Parties contemplate entering into an interim month-to-month lease by which Buyer will lease from Seller no less than 20,000 square feet of space at the Seller Premises commencing no later than April

15, 2015. The economic terms of the month-to-month lease shall be similar to terms described in Section 3.3(f) of the Agreement.

- (h) **Ontario Inventory.** Buyer has shipped or will ship 30 containers of furniture components parts from Asia to its warehouse in Ontario, California. Upon the Bankruptcy Court's approval of the transactions set forth in the Agreement and the Buyer's purchase of assets and lease of the space in the Seller Premises as set forth in Section 3.3(a) through 3.3(f) of the Agreement, Buyer and Seller will equally share the reasonable cost of moving these containers from California to the Seller Premises.
- (i) **No Approval.** As set forth in Section 6.7(c) of the Agreement, if the Bankruptcy Court does not approve the transaction provided for in the Agreement then Buyer shall immediately cease the production and/or shipment of any new Product based on or including the Acquired Assets, provided that the Buyer may sell the inventory then on hand or on order that would otherwise constitute the Product, provided, further, that such sale shall not exceed 500 sets (chairs and matched tables) until such inventory of Product is depleted or sold.

B. Opportunity to Submit Higher or Better Offers

10. This Motion is being filed on regular notice to creditors and parties-in-interest and, at the sale hearing (the "Sale Hearing"), Chromcraft will seek the Court's approval of the relief sought in the Motion. The Agreement imposes certain time limitations on Chromcraft. In an attempt to maximize the realizable value of the Acquired Assets for the benefit of the Debtors' estates, creditors and other interested parties, the Debtor will make available information relevant to the Acquired Assets for evaluation by interested parties who have executed a valid non-disclosure agreement. Instructions for accessing the information will be made available after execution of the non-disclosure agreement. The Debtor will coordinate all reasonable requests for additional information and due diligence through the date that is seven (7) business days prior to the Sale Hearing. Any party wishing to submit a higher or otherwise better offer for the Acquired Assets (a "Bid") may submit such Bid to counsel to the Debtor no later than five (5) business days before the Sale Hearing. The Bid must be higher and better as determined by the Debtor in its sole discretion.

BASIS FOR RELIEF

A. The Sale is Within the Debtor's Sound Business Judgment and Should be Approved Pursuant to Section 363 of the Bankruptcy Code.

11. Section 363 of the Bankruptcy Code provides that a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Although section 363 of the Bankruptcy Code does not specify a standard for court authorization of the use, sale or lease of property of the estate, courts have consistently held that a sale of a debtor's assets outside of the ordinary course of business is appropriate if the court finds that the sale represents a reasonable business judgment of the Debtor. See *In re Abbotts Dairies of Pennsylvania*, 788 F.2d 143 (3d Cir. 1986). See also *Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *Dai-Ichi Kangyo Bank, Ltd. V. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991).

12. Courts typically consider the following factors in determining whether a proposed sale satisfies this standard: (a) whether a sound business justification exists for the sale; (b) whether adequate and reasonable notice of the sale was given to interested parties; (c) whether the sale will produce a fair and reasonable price for the property; and (d) whether the parties have acted in good faith. See *In re Decora Indus., Inc.*, 2002 WL 32332749, at *2 (D. Del. May 20, 2002) (citing *In re Delaware & Hudson Ry. Co.*, 124 B.R. at 176); *In re United Healthcare Sys. Inc.*, No. 97-1159, 1997 WL 176574, at *4 & n.2 (D.N.J. Mar. 26, 1997).

13. A sound business purpose for the sale of a debtor's assets outside the ordinary course of business may be found where such a sale is necessary to preserve the value of assets for the estate, its creditors or interest holders. See, e.g., *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143 (3d Cir. 1986); *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983); see also *In re Food Barn Stores, Inc.*, 107 F.3d 558, 564-65 (8th Cir. 1997) (stating that the paramount goal in any proposed sale of property of the estate is to maximize value).

14. Furthermore, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). There is a presumption that “in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.” *In re Integrated Res.*, 147 B.R. at 656 (quoting *Smith v. Van Gorkcom*, 488 A.2d 858, 872 (Del. 1985)). Thus, if a debtor’s actions satisfy the business judgment rule, then the transaction in question should be approved under section 363(b)(1) of the Bankruptcy Code. Indeed, when applying the business judgment standard, courts show great deference to a debtor’s business decisions. See *Pitt v. First Wellington Canyon Assocs. (In re First Wellington Canyon Assocs.)*, 1989 WL 106838, at *3 (N.D. Ill. Sept. 8, 1989) (“Under this test, the debtor’s business judgment . . . must be accorded deference unless shown that the bankrupt’s decision was taken in bad faith or in gross abuse of the bankrupt’s retained discretion.”).

15. Sound business reasons exist to justify selling the Acquired Assets, and any other assets set forth in section 3.3 of the Agreement, pursuant to the terms set forth herein. First, because Chromcraft ceased all production at its facilities approximately eight months before the filing of the Chapter 11 Cases and has been in the process of liquidating its assets since that time, the Debtor no longer has a business use for the assets, and does not anticipate having such future use. Moreover, although only a short time has elapsed since the Debtor’s chapter 11 filing, the Sale will reduce administrative expenses and generate the best value for the Debtor’s assets; therefore, it is crucial to preserving the value of the Debtor’s estate and maximizing returns for all parties in interest.

16. Second, notice of the Motion and the Sale is appropriate under the circumstances. Under Bankruptcy Rules 2002(a) and (c)(1), the Debtor is required to notify its creditors of any proposed sale of their assets, including a disclosure of the terms and conditions

of any private sale, and the deadline for filing any objections to such sale. This Motion, and the notice hereof, fully complies with Bankruptcy Rule 2002 and is reasonably calculated to provide timely and adequate notice of the terms and conditions of the Sale to the Debtors' creditors and other parties in interest, as well as to those parties who have expressed an interest, or may express an interest, in making a bid to purchase the Acquired Assets and other assets provided in section 3.3 of the Agreement. The Debtors have provided notice of this Motion to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the Debtors' twenty (20) largest creditors; (iii) all entities known to have expressed an interest in a transaction with respect to Chromcraft's assets; (iv) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon Chromcraft's assets; (v) all federal, state, and local regulatory or taxing authorities or recording offices that have a reasonably known interest in the relief requested by the Motion; (vi) the United States Attorney's office; (vii) the Securities and Exchange Commission; (viii) the Internal Revenue Service; (ix) all parties requesting notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002.

17. Third, the Debtor submits that the Sale is for a fair and reasonable price. The Debtor has been extensively engaged in pursuing a sale transaction since May 2014. As set forth in the Kidston Declaration, Chromcraft approached approximately 40 individuals and entities known by Chromcraft and its advisors to be engaged in or otherwise connected to the commercial and/or residential furniture industry or other related industries. As a result of these efforts and inquiries, Chromcraft generated approximately 20 expressions of interest from potential purchasers of the Acquired Assets, which led to 16 such parties executing formal confidentiality agreements and conducting follow-up due diligence with respect to the Acquired Assets. Thereafter, only one party, the Buyer, elected to submit an offer to purchase the Acquired Assets. Further discussions and negotiations with the Buyer led to the formal offer to purchase the Acquired Assets embodied in the Agreement. Based on the extensive marketing efforts conducted by Chromcraft prior to the filing of these Chapter 11 Cases, Chromcraft submits that the transactions set forth in the Agreement are fair, reasonable, and appropriate.

18. Finally, the Sale satisfies the good faith requirement of *Abbotts Dairies*. There is no evidence of fraud or collusion in the terms of the proposed Sale. The Agreement is the culmination of an extensive and prolonged negotiation process in which all parties were represented by counsel. The Buyer is not an insider of the Debtors, as that term is defined in section 101(31) of the Bankruptcy Code, and all negotiations have and will continue to be conducted on an arm's length, good faith basis. Furthermore, the Sale is subject to higher and better offers, a procedure designed to ensure that no party is able to exert undue influence over the sale process. Finally, all parties in interest will receive notice of the Sale and will be provided with an opportunity to be heard.

19. As each factor demonstrates, the Sale satisfies the "sound business judgment" test and presents the best opportunity to realize the maximum value of the Acquired Assets for the benefit of creditors and other parties in interest. Furthermore, the Sale will allow Chromcraft to reduce its secured debt obligations (and other parties to reduce their guaranty obligations) and other liabilities, for the benefit of their estates, creditors and all parties in interest. For the foregoing reasons, the Debtor submits that the Sale should be approved pursuant to section 363 of the Bankruptcy Code.

B. An Auction of the Acquired Assets Is Not Required.

20. In accordance with Bankruptcy Rule 6004(f)(1), asset sales outside of the ordinary course of business may be by private or public sale. Fed. R. Bankr. P. 6004(f)(1). A debtor has broad discretion in determining the manner in which its assets are sold. *Berg v. Scanlon (In re Alisa P'ship)*, 15 B.R. 802, 802 (Bankr. D. Del. 1981) ("[T]he manner of [a] sale is within the discretion of the trustee . . ."); *In re Bakalis*, 220 B.R. 525, 531 (Bankr. E.D.N.Y. 1998) (noting that a trustee has "ample discretion to administer the estate, including authority to conduct public or private sales of estate property") (internal quotations and citations omitted). As long as a debtor maximizes the return to its estate, a court should defer to a debtor's business judgment of how to conduct a sale of its assets. *Id.* at 532 (recognizing that although a trustee's

business judgment enjoys great judicial deference, a duty is imposed on the trustee to maximize the value obtained from a sale); *In re Nepsco, Inc.*, 36 B.R. 25, 26 (Bankr. D. Me. 1983) (“Clearly, the thrust of th[e] statutory scheme [governing 363 sales] is to provide maximum flexibility to the trustee, subject to the oversight of those for whose benefit he acts, i.e., the creditors of the estate.”). Accordingly, if a debtor concludes that conducting a private sale, as opposed to a public auction, is in the best interest of the estate, the debtor should be permitted to do so. *Penn Mut. Life Ins. Co. v. Woodscape Ltd. P’ship (In re Woodscape Ltd. P’ship)*, 134 B.R. 165, 174 (Bankr. D. Md. 1991) (noting that, with respect sales of estate property, “[t]here is no prohibition against a private sale . . . and there is no requirement that the sale be by public auction.”).

21. Chromcraft is unaware of any other parties that would submit a higher offer than that of the Buyer. The delay and costs associated with further marketing the Acquired Assets may negate any benefit to be derived through a public sale of the Acquired Assets. Accordingly, the Debtor submits that a private sale of the Acquired Assets, subject to the receipt of any Bids no later than five (5) business days prior to the Sale Hearing, is appropriate under the circumstances, is in the best interest of the Debtor’s estate and should be approved.

C. The Sale Free and Clear of Liens, Claims and Encumbrances Is Authorized By Section 363(f) of the Bankruptcy Code.

22. The Debtor requests that the Sale and transfer of the Acquired Assets be approved free and clear of all liens, claims and encumbrances, whether arising pre- or post-petition (collectively, the “Encumbrances”), other than those specifically assumed by Buyer with any such liens or interests attaching to the proceeds of the Sale. Other than the liens of Merchant and other de minimis secured parties, the Debtor does not believe that the Acquired Assets are subject to any Encumbrances.³ Such relief is consistent with the provisions of section 363(f) of

³ While a handful of parties, mainly judgment creditors, filed UCC statements purporting to secure their judgment claims by Chromcraft’s assets, such claims are “out of the money” given the large amount of Merchant’s debt.

the Bankruptcy Code, which authorizes a debtor to sell assets free and clear of interests in property of an entity other than the estate if:

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

23. Although the term “any interest” is not defined in the Bankruptcy Code, the Third Circuit has noted that the trend in modern cases is toward “a broader interpretation which includes other obligations that may flow from ownership of the property.” *Folger Adam Security, Inc. v. DeMatteis / MacGregor, JV*, 209 F.3d 252, 258-59 (3d Cir. 2000) (citing 3 Lawrence P. King, *Collier on Bankruptcy*, 363.06[1]). As the Fourth Circuit held in *In re Leckie Smokeless Coal Co.*, 99 F.3d 573, 581-82 (4th Cir. 1996) (cited approvingly by the Third Circuit in *Folger Adam*), the scope of section 363(f) of the Bankruptcy Code is not limited to in rem interests in a debtor’s assets. Thus, a debtor can sell its assets under section 363(f) “free and clear of successor liability that otherwise would have arisen under federal statute.” *Folger Adam*, 209 F.3d at 258.

24. Moreover, because section 363(f) of the Bankruptcy Code is drafted in the disjunctive, satisfaction of any one of its five (5) requirements will suffice to permit the sale of the Acquired Assets “free and clear” of interests. *See, e.g., Michigan Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.)*, 930 F.2d 1132, 1147 n.24 (6th Cir. 1991); see also *Contrarian Funds, LLC v. Westpoint Stevens, Inc. (In re Westpoint Stevens, Inc.)*, 333 B.R.

30, 50 (S.D.N.Y. 2005) (“Where ... a sale is to be free and clear of existing liens and interests other than those of the estate, one or more of the criteria specified in Section 363(f) of the statute must also be met.”); see also *Citicorp Homeowners Servs., Inc. v. Elliot* (In re Elliot), 94 B.R. 343, 345 (E.D. Pa. 1988) (“[Section 363(f)] is written in the disjunctive, not the conjunctive. Therefore, if any of the five conditions of § 363(f) are met, the Trustee has the authority to conduct the sale free and clear of all liens.”); *In re Dundee Equity Corp.*, No. 89-B-10233, 1992 WL 53743, at *4 (Bankr. S.D.N.Y. Mar. 6, 1992) (“[S]ection 363(f) is in the disjunctive, such that the sale free of the interest concerned may occur if any one of the conditions of § 363(f) have been met.”).

25. The Court also may authorize the Sale of the Acquired Assets, and Chromcraft’s other assets, free and clear of any liens pursuant to section 105 of the Bankruptcy Code. See *In re Trans World Airlines. Inc.*, No. 01-0056, 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001) (“Bankruptcy courts have long had the authority to authorize the sale of estate assets free and clear even in the absence of § 363(f).”); see also *Volvo White Truck Corp. v. Chambersberg Beverage, Inc.* (In re White Motor Credit Corp.), 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (“Authority to conduct such sales [free and clear of liens] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”).

26. Here, Merchant, as the main and largest secured party, holds liens on substantially all of Chromcraft’s assets, has consented to the Sale of the Acquired Assets and other assets provided in section 3.3 of the Agreement, free and clear of Encumbrances. As set forth above, those judgment creditors with perfected liens on the Acquired Assets will not receive any sale proceeds light of the fact that, pursuant to section 506 of the Bankruptcy Code, the value of the Assets to be sold pursuant to the Agreement does not exceed the value of a senior secured claim of Merchant. Accordingly, section 363(f) of the Bankruptcy Code has been satisfied and the Debtor may sell the Acquired Assets and the Other Assets free and clear of all Encumbrances. See 11 U.S.C. § 363(f)(2). Alternatively, if any such Encumbrance on the

Acquired Assets should exist and be valid, the Debtor submits that such Encumbrance is subject to one or more of the provisions of section 363(f) of the Bankruptcy Code.

27. Further, any creditor that asserts an interest in the Debtor's assets that receives notice of the Sale and does not file an objection thereto should be deemed to have implicitly consented to the Sale free and clear of such interest. See *Hargrove v. Pemberton (In re Tabore, Inc.)*, 175 B.R. 855 (Bankr. D.N.J. 1994) (failure to object to notice of sale or attend hearing deemed consent to sale for purposes of section 363 of the Bankruptcy Code). Therefore, either expressly or implicitly, the requirements of section 363(f)(2) of the Bankruptcy Code for the Sale of the Acquired Assets, and any other assets provided for in section 3.3 of the Agreement, free and clear of interests will be satisfied.

28. Accordingly, the Debtor submits that the Sale free and clear of all Encumbrances (including any successor liability claims) under section 363(f) of the Bankruptcy Code should be approved.

D. Good Faith Pursuant to Section 363(m).

29. Section 363(m) of the Bankruptcy Code provides:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m). While the Bankruptcy Code does not define "good faith," the Seventh Circuit in *In re Andy Frain Services, Inc.*, 798 F.2d 1113 (7th Cir. 1986), held that:

The requirement that a purchaser act in good faith ... speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or

the trustee, or an attempt to take grossly unfair advantage of other bidders.

798 F.2d at 1125 (emphasis omitted) (quoting *In re Rock Industries Machinery Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978) (interpreting Bankruptcy Rule 805, the precursor of section 363(m)). The Debtor submits, and will present evidence at the Sale Hearing, if necessary, that as set forth above, the Agreement was negotiated at arm's length and the Buyer has acted in good faith. The Debtor therefore requests that the Court make a finding that Buyer has purchased the Acquired Assets in good faith within the meaning of section 363(m) of the Bankruptcy Code.

E. Relief from the Waiting Period Under Bankruptcy Rule 6004(h) is Appropriate.

30. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” The Debtor requests that an order approving the Sale be effective immediately by providing that the fourteen (14) day stay under Bankruptcy Rule 6004(h) is waived.

31. The purpose of Bankruptcy Rule 6004(h) is to provide sufficient time for an objecting party to appeal before an order can be implemented. See Advisory Committee Note to Fed. R. Bankr. P. 6004(h). Although Bankruptcy Rule 6004(h) and the Advisory Committee Notes are silent as to when a court should “order otherwise” and eliminate or reduce the stay period, Collier on Bankruptcy suggests that the stay period should be eliminated to allow a sale or other transaction to close immediately “where there has been no objection to the procedure.” 10 COLLIER ON BANKRUPTCY ¶ 6004.11 (16th rev. ed. 2011). Furthermore, Collier suggests that if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal, the stay may be reduced to the amount of time actually necessary to file such appeal. *Id.*

32. The Debtor requests that the Bankruptcy Court waive the fourteen (14) day stay period under Bankruptcy Rule 6004(h) or, in the alternative, if an objection to the Sale is filed, reduce the stay period to the minimum amount of time needed by the objecting party to

file its appeal. Such relief is warranted for a number of reasons as set forth in more detail in the Kidston Declaration paragraph 8.

NOTICE

33. Notice of this Motion has been given to (i) the Office of the United States Trustee for the District of Delaware; (ii) the Debtors' twenty (20) largest creditors; (iii) all entities known to have expressed an interest in a transaction with respect to Chromcraft's assets; (iv) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon Chromcraft's assets; (v) all federal, state, and local regulatory or taxing authorities or recording offices that have a reasonably known interest in the relief requested by the Motion; (vi) the United States Attorney's office; (vii) the Securities and Exchange Commission; (vii) the Internal Revenue Service; and (viii) all parties requesting notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is required.

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WHEREFORE, Chromcraft respectfully requests that this Court: (i) enter an order, substantially in the form submitted herewith, granting the relief requested herein; and (ii) grant it such other and further relief as the Court deems just and proper.

Dated: March 8, 2015
Wilmington, Delaware

Respectfully submitted,

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Proposed Counsel to the Debtors and Debtors-in-Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Chromcraft Revington, Inc., et al.,¹
Debtors.

Chapter 11

Case No. 15-10482 (KG)

(Joint Administration Requested)

**DECLARATION IN SUPPORT OF MOTION OF CHROMCRAFT REVINGTON, INC.
FOR ENTRY OF AN ORDER (I) AUTHORIZING THE SALE OF CERTAIN OF ITS
ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES, SUBJECT
TO HIGHER AND BETTER OFFERS AND (II) GRANTING RELATED RELIEF**

Samuel A. Kidston, pursuant to 28 U.S.C. § 1746, declares as follows:

1. I am the Chief Executive Officer (the “CEO”) of Chromcraft Revington, Inc. (“Chromcraft”), the debtor and debtor-in-possession in the above-captioned cases (the “Debtor”). As CEO of the Debtor, I am familiar with the Debtor’s day-to-day operations, business, financial affairs, books and records.

2. I submit this declaration (the “Declaration”) in support of the Motion For Entry Of An Order (I) Authorizing The Sale Of Certain Assets Of Chromcraft Revington, Inc. Free And Clear Of Liens, Claims And Encumbrances, Subject To Higher And Better Offers And (II) Granting Related Relief (the “Sale Motion”).²

3. The factual background regarding the Debtors, including their business operations, their capital and debt structure, and the events leading to the filing of these Chapter 11 Cases, is set forth in my Declaration in Support of Chapter 11 petitions and First Day Pleadings filed contemporaneously herewith.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: (1) Chromcraft Revington, Inc. (8094), (2) Sport-Haley Holdings, Inc. (0885). The location of the Debtors’ corporate headquarters is 200 Union Boulevard, Suite 400, Lakewood, Colorado 80228.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Sale Motion.

4. Before ceasing operations approximately eight (8) months prior to the filing of these Chapter 11 Cases, Chromcraft engaged in the design, import, and manufacture of residential and commercial furniture primarily marketed in the U.S. Chromcraft sourced furniture from overseas suppliers, with domestic contract specialty facilities, and operated a manufacturing facility for its commercial furniture and motion-based casual dining furniture in Mississippi. Chromcraft's residential and commercial furniture brands include Chromcraft®, Cochrane®, Peters-Revington®, and CR Kids & Beyond®.

5. Prior to the Petition Date, Chromcraft, in conjunction with its professional advisors and then chief restructuring officer, diligently evaluated a number of options to address its liquidity issues. Based upon this evaluation and instructions from its secured lender, Chromcraft concluded that a sale of all or substantially all of its assets was the best way to maximize value for all stakeholders. To that end, starting in or about May, 2014, Chromcraft and its professionals began robust and aggressive marketing efforts which resulted in several expressions of interest.

6. Specifically, in regard to certain intellectual property assets of Chromcraft as described in greater detail in the IP Sale Motion and related documents (the "Acquired Assets"), Chromcraft approached approximately 40 individuals and entities known by Chromcraft and its advisors to be engaged in or otherwise connected to the commercial and/or residential furniture industry or other related industries. As a result of these efforts and inquiries, Chromcraft generated approximately 20 expressions of interest from potential purchasers of Chromcraft assets, which led to 16 such parties executing formal confidentiality agreements and conducting follow-up due diligence with respect to Chromcraft's assets.

7. Thereafter, only one party, Arts and Crafts Industries Ltd. (the "Buyer"), elected to submit an offer to purchase the Acquired Assets, and an option for the Other Assets. Further discussions and negotiations with the Buyer led to the formal offer to purchase the Acquired Assets embodied in the asset purchase agreement attached to proposed order as Exhibit "A" (the "Agreement").

8. It is very important that Court approval of the Agreement is obtained promptly. As stated in the Agreement, the reasons include, among others:

- (a) Chromcraft ceased its manufacturing efforts in May 2014. The longer the Chromcraft name and its products are not on the market the value of the assets depreciates.
- (b) To immediately start production and sale of the assets, the Buyer placed orders for Chromcraft component parts from vendors overseas.
- (c) The Purchase Price will decrease by \$250,000 if the Buyer is not able to start production by April 15, 2015.
- (d) The annual minimum payments of the Purchase Price will be eliminated if the Buyer is unable to (i) begin the assembly of the component parts at Chromcraft's premises by April 15, 2015 and (ii) ship products to customers by May 1, 2015.
- (e) Buyer will purchase Chromcraft's other de-minimis assets (such as those set forth in Section 3.3(a) through 3.3(e) and enter into a lease for no less than 100,000 square feet of space at Chromcraft's Mississippi facility.

9. Chromcraft is currently unaware of any other parties that would submit a higher offer than that of the Buyer. Further, the delay and costs associated with further marketing the Acquired Assets (and Other Assets) may negate any benefit to be derived through a public sale of the Acquired Assets and Other Assets. However, as discussed more fully in the Sale Motion, any party wishing to submit a higher or otherwise better offer for the Acquired Assets and the Other Assets may do so up until five (5) business days before the Sale Hearing.

I certify under penalty of perjury that, to the best of my knowledge, information and belief, the statements set forth in this Declaration are true and correct.

Chromcraft Revington, Inc. et al.
Chapter 11 Debtors and Debtors in
Possession

Dated: March 8, 2015

By: /s/ Samuel Kidston
Samuel A. Kidston as Chief Executive
Officer

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Chromcraft Revington, Inc., *et al.*,¹
Debtors.

Chapter 11

Case No. 15-10482 (KG)

(Jointly Administered)

**ORDER: (I) APPROVING SALE OF SUBSTANTIALLY ALL OF THE
INTELLECTUAL PROPERTY ASSETS OF CHROMCRAFT REVINGTON,
INC., AND CERTAIN OTHER ASSETS, FREE AND CLEAR OF ALL LIENS,
CLAIMS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. § 363; AND (II)
GRANTING RELATED RELIEF**

Upon the motion of Chromcraft Revington, Inc. (the “Debtor”) as debtor in possession in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), dated March 8, 2015 (the “Sale Motion”), for an order (this “Order”) pursuant to sections 105(a) and 363 of title 11, United States Code, 11 U.S.C. § 101 *et seq.* as amended (the “Bankruptcy Code”), Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) approving the Asset Purchase Agreement attached hereto as **Exhibit A** (together with all related agreements, the “Asset Purchase Agreement”) between the Debtor, as Seller, and Arts and Crafts Industries Ltd., as Buyer (the “Purchaser”), to acquire substantially all of the intellectual property assets and rights of the Debtor (as more fully described in the Asset Purchase Agreement and as such term is defined therein, the “Acquired Assets”) and other assets set forth in section 3.3(a) through 3.3(e) of the Asset Purchase Agreement (the “Other Assets”), and (ii) authorizing the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: (1) Chromcraft Revington, Inc. (8094) and (2) Sport-Haley Holdings, Inc. (0885) (“Holding” and together with Chromcraft, the “Debtors”). The location of the Debtors’ corporate headquarters is 200 Union Boulevard, Suite 400, Lakewood, Colorado 80228.

sale of the Acquired Assets and the Other Assets free and clear of all Encumbrances (as defined below); and the Court having conducted a hearing on the Sale Motion (the “Sale Hearing”) to approve the sale of the Acquired Assets and the Other Assets to the Purchaser on the terms and conditions set forth in the Asset Purchase Agreement; and upon the record set forth at the Sale Hearing; and the Court having considered the evidence and the arguments of all parties in interest at the Sale Hearing; and the Court having considered the Sale Motion, together with any objections thereto; and it appearing that the relief sought by the Debtor with respect to the sale of the Acquired Assets and the Other Assets to the Purchaser is reasonable, necessary, and in the best interests of the Debtor’s creditors and estate; and after due deliberation and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS THAT:

A. This Court has jurisdiction over this Sale Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (N) and (O). Venue of this proceeding and this Sale Motion is proper in this judicial district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 105 and 363 of the Bankruptcy Code, and Bankruptcy Rules 2002 and 6004, and Local Rule 6004-1 of the Local Bankruptcy Rules for the District of Delaware (the “Local Rules”).

B. The Debtor has provided notice of the Sale Motion and the Sale Hearing as set forth in the Certificates of Service, dated ____, 2015 [D.I. ____]. Accordingly, due, proper, timely, adequate and sufficient notice of the Sale Motion and the Sale Hearing and the Asset Purchase Agreement and the transactions contemplated thereby has been provided to all parties entitled thereto, in accordance with sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004, and no other or further notice is required.

C. A reasonable opportunity to object or be heard with respect to the Sale Motion and the relief requested therein has been afforded to all interested persons and entities.

D. The Debtor has complied in all material respects with the Local Rules.

E. Due and proper notice of the Sale Motion, the Sale Hearing and the Asset Purchase Agreement and the transactions contemplated thereby has been given to all parties entitled thereto, as required by Bankruptcy Rules 2002 and 6004.

F. The Debtor has sufficiently marketed the Acquired Assets in good faith and under the circumstances to secure the highest and best offer therefor.

G. The terms and conditions set forth in the Asset Purchase Agreement are fair, reasonable, and in the best interests of the Debtor, its creditors and its estates, and the Debtor's determination to enter into the Asset Purchase Agreement constitutes a reasonable exercise of the Debtor's business judgment.

H. The Purchaser's offer to purchase the Acquired Assets, and if applicable, the Other Assets, constitutes the highest and best offer received by the Debtor with respect to the Acquired Assets and the Other Assets. No other person or entity or group of persons or entities has offered to purchase, license and/or otherwise acquire the Acquired Assets or the Other Assets for greater economic value to the Debtor's estates than the Purchaser.

I. The record establishes that there are good, valid, and sound business purposes for the sale of the Acquired Assets in accordance with the terms of the Asset Purchase Agreement.

J. The Asset Purchase Agreement was negotiated, proposed and entered into by the Debtor and the Purchaser without collusion, in good faith and from arm's length bargaining positions. The Debtor and the Purchaser have at all times acted in good faith and in accordance with applicable law. The Asset Purchase Agreement was not entered into for the purpose of

hindering, delaying or defrauding creditors under the Bankruptcy Code or under the laws of the United States or any state, territory, possession thereof, or the District of Columbia. Neither of the Debtor nor the Purchaser has engaged in any conduct that would cause or permit the Asset Purchase Agreement or the transactions contemplated thereby to be avoided under section 363(n) of the Bankruptcy Code. The Purchaser is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby in consummating the transactions contemplated by the Asset Purchase Agreement. The Purchaser will be acting in good faith within the meaning of section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Asset Purchase Agreement at all times after the entry of this Order.

K. The consideration to be provided by the Purchaser for the Acquired Assets (and, if applicable, the Other Assets) pursuant to the Asset Purchase Agreement (i) is fair and reasonable, (ii) represents the highest and best offer for the Acquired Assets and the Other Assets, and (iii) constitutes reasonably equivalent value and fair consideration for the Acquired Assets and the Other Assets under the Bankruptcy Code and under the laws of the United States, any state, territory, possession thereof, and the District of Columbia.

L. The Debtor is the lawful owners of the Acquired Assets and the Other Assets, and the Acquired Assets and the Other Assets constitute property of the Debtor's estate within the meaning of section 541(a) of the Bankruptcy Code. Upon entry of this Order, the Debtor shall have full authority and power to execute and deliver the Asset Purchase Agreement and all other documents contemplated thereby, to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution, delivery, and performance of the Asset Purchase Agreement has been duly and validly authorized by all necessary action. No further

consents or approvals are necessary or required for the Debtor to perform its obligations under the Asset Purchase Agreement or consummate the transactions contemplated thereby.

M. The Purchaser will not consummate the transactions contemplated by the Asset Purchase Agreement unless the Asset Purchase Agreement specifically provides, and the Bankruptcy Court specifically orders, that the Purchaser will acquire the Acquired Assets and the Other Assets free and clear of, and will have no liability whatsoever with respect to or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any liens, claims (as defined in section 101(5) of the Bankruptcy Code), encumbrances, interests, rights, causes of action, obligations, debts, demands, guaranties, contractual commitments, restrictions, and interests (including, without limitation, all Liens (as that term is defined in the Asset Purchase Agreement)) of any kind, nature or description whatsoever, arising under or out of, in connection with, or in any way relating to, any acts of the Debtor or the Acquired Assets or the Other Assets, in each case whether direct or indirect, absolute or contingent, primary or derivative, matured or unmatured, liquidated or unliquidated, perfected, registered or filed, secured or unsecured, whether imposed by agreement, understanding, law, equity or otherwise, as an encumbrance upon the Acquired Assets and the Other Assets or as a personal liability imposed upon the Purchaser as a result of the purchase of the Acquired Assets (collectively, “Encumbrances”).

N. With respect to any and all entities asserting any Encumbrances, either (i) such entity has consented to the sale and transfer, free and clear of its Encumbrance, with such Encumbrance to attach to the proceeds of such sale and transfer, (ii) applicable nonbankruptcy law permits the sale of the Acquired Assets and the Other Assets free and clear of such Encumbrance, (iii) such Encumbrance is in *bona fide* dispute, or (iv) such entity could be

compelled, in a legal or equitable proceeding, to accept a money satisfaction of such Encumbrance, so that the conditions of section 363(f) of the Bankruptcy Code have been met.

O. Upon the Closing (as defined in the Asset Purchase Agreement) of the transactions contemplated by the Asset Purchase Agreement, the sale and transfer of the Acquired Assets to the Purchaser shall be a legal, valid and effective transfer of the Acquired Assets to the Purchaser, and shall vest in the Purchaser all right, title and interest in the Acquired Assets in accordance with the terms and conditions of the Asset Purchase Agreement free and clear of any Encumbrances, including, without limitation, any claims pursuant to any successor or successor-in-interest liability theory, under sections 105(a) and 363(f) of the Bankruptcy Code or any state or local taxing statute. Similarly, if applicable, the sale and transfer of the Other Assets to the Purchaser shall be a legal, valid and effective transfer of the Other Assets to the Purchaser, and shall vest in the Purchaser all right, title and interest in the Other Assets in accordance with the terms and conditions of the Asset Purchase Agreement free and clear of any Encumbrances, including, without limitation, any claims pursuant to any successor or successor-in-interest liability theory, under sections 105(a) and 363(f) of the Bankruptcy Code or any state or local taxing statute.

P. The Purchaser is not holding itself out to the public as a continuation of the Debtor. Except as expressly set forth in the Asset Purchase Agreement with respect to Assumed Liabilities (as defined in the Asset Purchase Agreement), if any, the Purchaser shall not have any liability for any (i) obligation of the Debtor or its estate or (ii) claim against the Debtor or its estates related to the Acquired Assets by reason of the transfer of the Acquired Assets to the Purchaser. The Purchaser shall not be deemed, as a result of any action taken in connection with the purchase of the Acquired Assets or otherwise, to: (1) be a successor to the Debtor; or (2)

have, *de facto* or otherwise, merged with or into the Debtor. The Purchaser is not acquiring or assuming any liability, warranty or other obligation of the Debtor, except as expressly set forth in the Asset Purchase Agreement with respect to the Assumed Liabilities and as set forth in section 6.8 of the Asset Purchase Agreement.

Q. The Purchaser does not constitute a successor to either of the Debtor because: (i) except as otherwise set forth in the Asset Purchase Agreement, the Purchaser is not expressly or impliedly agreeing to assume any of the Debtor's liabilities; (ii) the transactions contemplated by the Asset Purchase Agreement do not amount to a consolidation, merger or de facto merger of either or both of the Debtor and the Purchaser; (iii) the Purchaser is not merely a continuation of the Debtor and (iv) the transactions contemplated by the Asset Purchase Agreement are not being entered into fraudulently or in order to escape liability from the Debtor's assets.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Sale Motion is GRANTED.
2. All objections to the Sale Motion or the relief requested therein that have not been withdrawn, waived or settled are hereby OVERRULED.
3. All persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtor to sell and transfer the Acquired Assets to the Purchaser free and clear of any and all Encumbrances in accordance with the terms of the Asset Purchase Agreement and this Order.
4. To the extent the Purchaser acquires any of the Other Assets, all persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtor to sell and transfer the Other Assets to

the Purchaser free and clear of any and all Encumbrances in accordance with the terms of the Asset Purchase Agreement and this Order.

5. The Asset Purchase Agreement is hereby approved in all respects and shall be deemed in full force and effect, binding and benefiting the Debtor and the Purchaser. The failure specifically to include any particular provisions of the Asset Purchase Agreement in this Order shall not diminish or impair the efficacy of such provisions, it being the intent of the Court that the Asset Purchase Agreement and each and every provision, term, and condition thereof be authorized and approved in its entirety.

6. The Debtor is authorized to execute and deliver the Asset Purchase Agreement and consummate the transactions contemplated thereby, including, without limitation, to sell the Acquired Assets and, if applicable, the Other Assets, to the Purchaser on the terms and conditions of the Asset Purchase Agreement for the purchase price set forth therein and pay the obligations set forth in paragraph 6.8 of the Asset Purchase Agreement with respect to the China Trade Marks (up to the Exposure Cap). The Debtor is authorized to deliver deeds, bills of sale and such other documentation and to take such other actions as may be necessary or requested by the Purchaser in accordance with the terms of the Asset Purchase Agreement to evidence the transfers required by the Asset Purchase Agreement or consummate the transactions contemplated thereby, without further application to, or order of, this Court. The Debtor is authorized to enter into a lease with the Purchaser on the terms substantially similar to the terms set forth in the Asset Purchase Agreement.

7. The transfer of the Acquired Assets and, if applicable, the Other Assets, pursuant to the Asset Purchase Agreement constitutes a transfer for reasonably equivalent value

and fair consideration under the Bankruptcy Code and the laws of the United States, any state, territory, possession thereof, and the District of Columbia.

8. The Purchaser is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code.

9. The transfer of the Acquired Assets and, if applicable, the Other Assets, to the Purchaser constitutes a legal, valid, and effective transfer of the Acquired Assets and the Other Assets to the Purchaser, and shall vest the Purchaser with all right, title, and interest of the Debtor in and to the Acquired Assets and the Other Assets, free and clear of all Encumbrances (including without limitation any and all Liens and Excluded Liabilities (each as defined in the Asset Purchase Agreement)). Pursuant to section 363(f) of the Bankruptcy Code, the transfer of title to the Acquired Assets and, if applicable, the Other Assets, shall be free and clear of any and all Encumbrances, including, without limitation, any claims pursuant to any successor liability or de facto merger theory or cause of action, or the like under applicable bankruptcy or non-bankruptcy law; provided, however, that the Purchaser shall not be relieved of liability with respect to the Assumed Liabilities. Upon the Closing, each creditor is directed to execute such documents and take all other actions as may be necessary to release Encumbrances, if any, on the Acquired Assets and if applicable, the Other Assets. All Encumbrances shall attach solely to the proceeds of the Sale with the same validity and priority as they attached to the Acquired Assets and the Other Assets immediately prior to the Closing of the Sale.

10. Pursuant to sections 105(a) and 363 of the Bankruptcy Code, effective upon the Closing, all persons or entities asserting or who have asserted or may assert any Encumbrances against the Acquired Assets and the Other Assets together with their officers,

employees, agents, attorneys, and other representatives are hereby permanently enjoined and precluded from asserting any such Encumbrance or taking any action to collect or enforce any such Encumbrance (i) against the Purchaser, (ii) against any of the Purchaser's affiliates, members, partners, shareholders, directors, officers, employees, subsidiaries, successors or assigns, or (iii) against any of the Acquired Assets and the Other Assets and this Court shall retain jurisdiction to make such other and further orders as may be necessary to enforce such enjoinder and preclusion. Neither the Purchaser nor any of its affiliates, members, partners, shareholders, directors, officers, employees, subsidiaries, successors or assigns nor any of the Acquired Assets and the Other Assets will have any liability whatsoever with respect to or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any Encumbrance.

11. All entities or persons that are in possession of some or all of the Acquired Assets and, if applicable, the Other Assets, on the Closing Date (as defined in the Asset Purchase Agreement) are required and directed to surrender possession of such Acquired Assets (and, if applicable, the Other Assets) to the Purchaser or its assignee or designee as soon as possible upon request after the Closing, and this Court shall retain jurisdiction to make such other and further orders as may be necessary to facilitate the orderly delivery of possession of such Acquired Assets and the Other Assets.

12. Except for the Assumed Liabilities and as otherwise provided in the Asset Purchase Agreement, the Purchaser shall not have any liability or other obligation of the Debtor arising under or related to any of the Acquired Assets and, if applicable, the Other Assets, including but not limited to the Excluded Liabilities. The Purchaser has given substantial consideration under the Asset Purchase Agreement for the benefit of the holders of any Liens,

claims, Encumbrances and interests relating to the Acquired Assets and, if applicable, the Other Assets.

13. No bulk sale law or any similar law of any state or jurisdiction shall apply in any way to any of the transactions contemplated under the Asset Purchase Agreement.

14. The provisions of this Order authorizing the sale of the Acquired Assets and, if applicable, the Other Assets, free and clear of Encumbrances shall be self-executing, and neither the Debtor, the Purchaser, nor any other party shall be required to execute or file releases, termination statements, assignments, cancellations, consents or other instruments to effectuate, consummate and/or implement the provisions hereof with respect to such sale; provided, however, that this paragraph shall not excuse such parties from performing any and all of their respective obligations under the Asset Purchase Agreement and this Order. Purchaser is hereby empowered, and appointed the attorney in fact, with full power of substitution, on behalf of the Debtor and each holder of Encumbrances against the Acquired Assets and, if applicable, the Other Assets, to execute and file releases, termination statements, assignments, consents, cancellations or other instruments that may be necessary, appropriate, or desirable to effectuate, consummate, and/or implement the provisions hereof.

15. The Debtor is authorized to enter into the transactions, substantially in the form set forth in section 3.3 of the Asset Purchase Agreement without further notice of Order of the Court.

16. The provisions of this Order and any actions taken pursuant hereto shall survive the entry of any order which may be entered confirming any plan of reorganization or liquidation or which may be entered dismissing the Debtor's case or converting the Debtor's case to Chapter 7 cases or appointing any Chapter 7 or Chapter 11 trustee, and shall be binding on (i)

the Debtor and its estate, successors and assigns, including without limitation any trustee, examiner, representative, liquidating trustee, administrative agent or estate representative elected or appointed in either Chapter 11 Case or in any superseding Chapter 7 case involving the Debtor, (ii) all creditors (whether known or unknown) of and holders of equity interests in the Debtor and any holders of Encumbrances in, against or on all or any portion of the Acquired Assets and, if applicable, the Other Assets, and (iii) the Purchaser and its respective successors and assigns.

17. The Court shall retain jurisdiction over the Debtor, the Purchaser, and all parties asserting Encumbrances on or in the Acquired Assets and the Other Assets, for the purpose of enforcing, implementing, interpreting, consummating and/or effectuating the provisions of this Order, the Asset Purchase Agreement, and all agreements arising out of, related to, or approved pursuant to this Order.

18. Any and all governmental recording offices and all other parties, persons or entities are hereby directed to accept this Order for recordation on or after the Closing as conclusive evidence of the free and clear, unencumbered transfer of title to Purchaser of the Acquired Assets and, if applicable, the Other Assets, and to cancel the liens and other Encumbrances of record with respect to the Acquired Assets and Other Assets.

19. The automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary to implement the terms and conditions of the Asset Purchase Agreement and the provisions of this Order.

20. This Order and the Asset Purchase Agreement shall inure to the benefit of the Debtor, the Debtor's estate, the Debtor's creditors, the Purchaser, and each of their respective successors and assigns.

21. This Order is and shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deed, administrative agencies, governmental departments, secretaries of state, federal and local officials and all other persons and entities, together with their officers, employees, agents, attorneys, and other representatives, who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease and each of the foregoing persons and entities, is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Asset Purchase Agreement.

22. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto and in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtor's estate.

23. Pursuant to section 363(m) of the Bankruptcy Code, the reversal or modification of this Order on appeal shall not affect the validity of the transfer of the Acquired Assets and, if applicable, the Other Assets, to any Purchaser.

24. This Order shall be effective immediately upon entry, and no stay of execution, pursuant to Fed. R. Bankr. P. 6004(h) or 6006(d) or otherwise, shall apply with respect to this Order.

Dated: April ____, 2015

THE HONORABLE KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

[Agreement]

ASSET PURCHASE AGREEMENT

dated as of February 18, 2015

by and among

CHROMCRAFT REVINGTON, INC.

and

ARTS AND CRAFTS INDUSTRIES LTD.

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is dated as of February 18, 2015 (the “**Effective Date**”), and is by and among Chromcraft Revington, Inc., a Delaware corporation (the “**Company**” or the “**Seller**”) and Arts and Crafts Industries Ltd., a California corporation and its Affiliates designee (the “**Buyer**”). The Seller and the Buyer are each referred to herein as a “**Party**” and, collectively, as the “**Parties**.”

WHEREAS, the Seller intends to file with the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) a voluntary petition (the “**Chapter 11 Case**”) for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”);

WHEREAS, the Seller has advised the Buyer that the Seller intends to dispose of certain of its assets and liabilities through a sale or sales to be effected under the supervision of the Bankruptcy Court in the Chapter 11 Case under the Bankruptcy Code;

WHEREAS, upon the terms and subject to the conditions contained in this Agreement, the Seller wish to sell to the Buyer and the Buyer wishes to purchase from the Seller all of the right, title and interest of the Seller as of the Closing Date in the Acquired Assets and to assume from the Seller the assumed liabilities, all of which, including this Agreement, shall be subject to the approval of the Bankruptcy Court in the Chapter 11 Case; and

NOW, THEREFORE, in consideration of the premises, representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and, intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Defined Terms. As used herein, the terms below shall mean the following:

“**Acquired Assets**” has the meaning set forth in Section 2.1(b).

“**Affiliates**” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the Person specified, where “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, through ownership of voting securities or rights, by contract, as trustee, executor or otherwise.

“**Agreement**” means this Asset Purchase Agreement, together with all exhibits hereto and the Schedules.

“**Bankruptcy Code**” has the meaning set forth in the recitals.

“**Bankruptcy Court**” has the meaning set forth in the recitals.

“Business Day” means any day other than a Saturday, Sunday or a legal holiday on which banking institutions in the State of New York are not required to open.

“Buyer” has the meaning set forth in the preamble.

“Chapter 11 Case” has the meaning set forth in the recitals.

“Claims” means all rights or causes of action (whether in law or equity), Liens, obligations, demands, restrictions, indemnities, consent rights, options, contract rights, covenants and interests of any kind or nature whatsoever, whether arising prior to or subsequent to the commencement of the Chapter 11 Case, and whether imposed by agreement, understanding, law, equity or otherwise, including all “claims” as defined in section 101(5) of the Bankruptcy Code.

“Closing” has the meaning set forth in Section 3.1(a).

“Closing Date” has the meaning set forth in Section 3.1(a).

“Code” means the Internal Revenue Code of 1986.

“Company” has the meaning set forth in the preamble.

“Confidential Information” has the meaning set forth in Section 6.5(b).

“Consent” has the meaning set forth in Section 4.3.

“Effective Date” has the meaning set forth in the preamble.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Liabilities” has the meaning set forth in Section 2.4.

“Filing” has the meaning set forth in Section 4.3.

“Governmental Entity” means any federal, state, provincial, local, municipal, foreign or other (a) government; (b) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal); or (c) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

“Interim Period” has the meaning set forth in Section 6.1.

“Law” means any federal, state, provincial, local or foreign statute, law, ordinance, regulation, rule, code, Order, principle of common law, judgment or decree enacted, promulgated, issued, enforced or entered by any Governmental Entity or other requirement or rule of law.

“Liabilities” means, as to any Person, adverse Claims, liabilities, commitments, responsibilities, and obligations of any kind or nature whatsoever, direct or indirect, absolute or contingent, whether accrued, vested or otherwise, whether known or unknown and whether or

not actually reflected, or required to be reflected, in such Person's balance sheet or other books and records.

"Lien" means any lien (statutory or otherwise), Claim, transferee or successor liability imposed by statute, pledge, option, charge, right of first refusal, hypothecation, encumbrance, easement, license, lease or sublease, security interest, right-of-way, encroachment, mortgage, deed of trust, restriction on transferability or other similar restriction, whether imposed by agreement, law or otherwise, whether of record or otherwise.

"Notices" has the meaning set forth in Section 9.4.

"Order" means any judgment, order, injunction, writ, ruling, decree, stipulation or award of any Governmental Entity.

"Outside Date" has the meaning set forth in Section 8.1(f).

"Party" has the meaning set forth in the preamble.

"Permits" means permits, licenses, registrations, certificates of occupancy, approvals, consents, clearances and other authorizations issued by any Governmental Entity.

"Person" means an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Entity or any other entity.

"Proceeding" means any claim, action, arbitration, audit, known investigation (including a notice of preliminary investigation or formal investigation), notice of violation, hearing, litigation or suit (whether civil, criminal or administrative), other than the Chapter 11 Case, commenced, brought, conducted or heard by or before any Governmental Entity or arbitrator.

"Products" means the Seller Products and all Buyer products that use or utilize the Seller Trademarks or any other Product IP.

"Product IP" means the Seller Trademarks, as well as all designs, copyrights, trade secrets, domain names, and other intellectual property used by Seller to manufacture, market and sell the Seller Products, including any designs related to discontinued products.

"Purchase Price" means \$1,500,000.00, subject to adjustment as set forth in Section 3.2(c).

"Representative" means, with respect to any Person, such Person's officers, directors, managers, employees, agents, representatives and financing sources (including any investment banker, financial advisor, accountant, legal counsel, agent, representative or expert retained by or acting on behalf of such Person or its subsidiaries).

"Sale Order" has the meaning set forth in Section 6.7(b).

“**Schedules**” means the disclosure schedules delivered in connection with the execution of this Agreement.

“**Seller**” has the meaning set forth in the preamble.

“**Seller Premises**” means the Sellers warehouse and office space located at 1 Quality Lane, Senatobia, MS 38668.

“**Seller Products**” means the current Seller products listed on Schedule 2.1(b)(i) and all other products produced by Seller in the past which uses or used the Product IP.

“**Seller Trademarks**” means the trademarks owned by Seller to manufacture, market and sell the Seller Products, which is listed on Schedule 2.1(b)(ii).

“**Superior Proposal**” means any bona fide written offer made by any Person that, if accepted, would result in such Person owning, directly or indirectly, and regardless of the form of transaction, any of the Acquired Assets, which the Company Board determines in good faith, after consultation with the Company’s outside legal counsel and financial advisors (if any), to be (i) more favorable from a financial point of view to the Seller than the transactions contemplated by this Agreement (taking into account all of the terms and conditions of such offer and this Agreement (including any changes to the terms of this Agreement proposed by Buyer in response to such offer), and (ii) reasonably likely to be consummated without undue delay relative to the transactions contemplated hereby, taking into account all financial, legal, regulatory and other aspects of such offer.

“**Tax**” means any and all taxes, assessments, levies, duties or other governmental charge imposed by any Governmental Entity, including any income, alternative or add-on minimum, accumulated earnings, franchise, capital stock, environmental, profits, windfall profits, gross receipts, sales, use, value added, transfer, registration, stamp, premium, excise, customs duties, severance, real property, personal property, ad valorem, occupancy, license, occupation, unclaimed property liabilities, employment, payroll, social security, disability, unemployment, withholding, corporation, inheritance, stamp duty reserve, estimated or other similar tax, assessment, levy, duty (including duties of customs and excise) or other governmental charge of any kind whatsoever, including any payments in lieu of taxes or other similar payments, chargeable by any Tax Authority together with all penalties, interest and additions thereto, whether disputed or not.

“**Tax Authority**” means any taxing or other authority (whether within or outside the United States) competent to impose Tax.

“**Tax Return**” means any and all returns, declarations, reports, documents, claims for refund, or information returns, statements or filings that are required to be supplied to any Tax Authority or any other Person, including any schedule or attachment thereto, and including any amendments thereof.

“**Transfer Tax**” means any sales, use, transfer, conveyance, documentary transfer, stamp, gross receipts, value-added, exercise, recording or other similar transaction-based Tax imposed upon the sale, transfer or assignment of property or any interest therein or the recording

thereof, and any penalty, addition to Tax or interest with respect thereto including any filing fees to be paid to the Bureau of Land Management, but such term shall not include any Tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of the property or any interest therein.

1.2 Interpretation.

(a) Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(b) Words denoting any gender shall include all genders.

(c) A reference to any Party to this Agreement or any other agreement or document shall include such Party’s successors and permitted assigns.

(d) A reference to any legislation or to any provision of any legislation shall include any amendment, modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(e) All references to “\$” and dollars shall be deemed to refer to United States currency.

(f) All references to any financial or accounting terms shall be defined in accordance with GAAP, unless otherwise defined herein.

(g) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, schedule and exhibit references are to this Agreement, unless otherwise specified.

(h) The meanings given to terms defined herein shall be equally applicable to both singular and plural forms of such terms.

(i) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

(j) If a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(k) A reference to any agreement or document (including a reference to this Agreement) is to the agreement or document as amended, restated, supplemented or otherwise modified from time to time, except to the extent prohibited by this Agreement or that other agreement or document.

(l) Exhibits, Schedules, annexes and other documents referred to as part of this Agreement are hereby incorporated herein and made a part hereof and are an integral part of this Agreement. Any capitalized terms used in any exhibit, Schedule or annex but not otherwise defined therein shall be defined as set forth in this Agreement.

(m) The table of contents and the headings of the Articles and Sections herein are inserted for convenience of reference only and shall not be a part of, or affect the meaning or interpretation of, this Agreement.

(n) This Agreement is the result of the joint efforts of the Sellers and the Buyer, and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Parties and there is to be no construction against any Party based on any presumption of that Party's involvement in the drafting thereof.

ARTICLE 2 TRANSFER OF ASSETS AND ASSUMPTION OF LIABILITIES

2.1 Assets to be Acquired.

(a) Subject to the terms and conditions of this Agreement and the Sale Order, and upon entry of the Sale Order, at the Closing, the Seller shall sell, convey, assign, transfer and deliver to the Buyer, free and clear of all Liens as provided in the Sale Order and the Buyer shall purchase, acquire and accept from the Seller, all of the Seller's right, title and interest in each and all of the Acquired Assets.

(b) Except as set forth on Schedule 2.2, "**Acquired Assets**" means the Product IP and Seller Trademarks listed on Schedule 2.1(b)(i) and 2.1(b)(ii).

(c) During the Interim Period, and in accordance with Section 6.2, the Buyer shall continue to perform its due diligence investigation with respect the Acquired Assets of the Seller. Prior to the Closing, the Buyer shall have the option to exclude certain of the Acquired Assets of the Seller from the Acquired Assets by (i) updating Schedule 2.2 to list and identify such Acquired Assets that it wishes to exclude, and (ii) delivering a Notice to the Seller attaching such updated schedule; *provided, however*, that any such exclusion shall not (A) reduce the Purchase Price, or (B) provide the Buyer with any right to terminate this Agreement.

2.2 Excluded Assets. The Buyer does not assume and shall have no right to any asset of the Seller that is not expressly assumed by the Buyer as an Acquired Asset (collectively, the "**Excluded Assets**"), which Excluded Assets include, for the avoidance of doubt, those assets identified on Schedule 2.2.

2.3 Reserved.

2.4 Excluded Liabilities. The Buyer does not assume any Liability that is not expressly assumed by the Buyer as an assumed liability (collectively, the “**Excluded Liabilities**”), which Excluded Liabilities include, for the avoidance of doubt:

(a) Except as provided in Section 6.8, all Liabilities arising out of or relating to the ownership of the Acquired Assets on or prior to the Closing, including but not limited to the pending dispute over the Seller’s ability to use the China Trade Marks in China and any other infringement matter;

(b) all Liabilities arising out of or relating to the ownership of the Excluded Assets;

(c) all Liabilities for any indebtedness of the Seller; and

(d) all Liabilities for any costs and expenses incurred or to be incurred by the Seller in connection with this Agreement and the consummation of the transactions contemplated hereby;

ARTICLE 3 CLOSING; PURCHASE PRICE

3.1 Closing; Transfer of Possession; Certain Deliveries.

(a) The consummation of the transactions contemplated herein (the “**Closing**”) shall take place on the second Business Day after all of the conditions set forth in Article 7, other than those conditions that by their nature are to be satisfied at the Closing, have been either satisfied or waived by the Party entitled to waive such condition or on such other date as the Parties shall mutually agree. The Closing shall be held at the offices of Lowenstein Sandler LLP at 65 Livingston Avenue, Roseland, New Jersey 07068, at 10:00 a.m., local time, unless the Parties otherwise agree. The actual date of the Closing is the “**Closing Date**.” For purposes of this Agreement, from and after the Closing, the Closing shall be deemed to have occurred at 12:01 a.m. on the Closing Date.

(b) At the Closing, the Seller shall deliver to the Buyer:

(i) a true and correct copy of the Sale Order.

(c) At the Closing, the Buyer shall:

(i) deliver to the Seller such documents, instruments and certificates as the Seller may reasonably request.

3.2 Purchase Price. In consideration for the Acquired Assets and subject to the terms and conditions of this Agreement, including Section 2.4 hereof, the Buyer shall at the Closing assume any post-Closing liabilities associated with the Acquired Assets. Subject to paragraph 3.2(c) below, the Buyer shall remit payments to the Seller or its designee up to the Purchase Price as follows:

(a) The amount of 1.5%, up to \$1,500,000.00, of Buyer's annual gross sales of any Products comprising any of the Acquired Assets.

(b) Payments set forth in Section 3.2(a) must be made on a quarterly basis within thirty (30) business days after the end of each calendar quarter. First payment shall be due thirty (30) business days following the calendar quarter starting on the Closing Date, provided, however, without any impact on the Buyer's obligations to remit the Required Annual Minimums set forth in Section 3.4 of this Agreement, if the Buyer is unable to ship component parts from California to start assembly at Seller Premises and begin shipments to customers by May 1, 2015 due to *force majeure* (natural disaster or human catastrophe beyond the Parties' control) then (i) the April 15, 2015 and May 1, 2015 dates referenced in this Agreement and (ii) the quarterly payment obligations referenced in this Section will be suspended or extended, as applicable, for the duration of the *force majeure*. All payments shall be paid in United States dollars by wire transfer or electronic funds transfer to such bank account as Seller may from time-to-time designate by notice to Buyer.

(c) Adjustment to the Purchase Price – The Purchase Price shall increase to \$1,750,000.00 if (i) the Buyer, due to no fault of the Seller, does not ship component parts to the Seller Premises by April 15, 2015 or (ii) the Parties do not contract for the sale of assets and lease of the space in the Seller Premises as set forth in Section 3.3(a) through 3.3(f) of this Agreement. In each instance, the Buyer will be relieved from its Requirement Annual Minimum obligations of Section 3.4 of this Agreement.

(d) Cure: Buyer has five (5) business days to cure the any default in the payments required under this Agreement calculated from the receipt of the Seller's written notice of a default in payment.

3.3 Other Transactions. The Parties agree to negotiate in good faith for the Buyer's acquisition from the Seller of the following:

(a) Purchase from Seller at Seller's full cost value all of Seller's finished goods (continued products with complete sets only);

(b) Purchase from Seller at Seller's full cost value, by the earlier of when Buyer is able to create complete sets or December 31, 2015, all of Seller's finished goods that are continued products (incomplete sets needing additional parts to make saleable);

(c) Purchase from Seller at Seller's full cost value, by the earlier of when goods are used by Buyer or shipped by Buyer to Asia for additional manufacturing process or July 1 2016, all of Seller's work in process that the Parties determine are usable by the Buyer (assorted semi-finished parts needing additional manufacturing processes to include welding,

painting, staining, upholstering, etc., and also consisting of armatures, stained wood components, arm rest, dynoc adhesive wrap, and foam)¹;

(d) Purchase from Seller component parts (component parts that represent inventory values of approximately one year's expected usage (upholstery fabric, arm caps, bases, slides, casters, stamped metal, and sundry components) of Buyer's choice at 25% of Seller's full cost value;

(e) Purchase from Seller of Seller's furniture, fixture and equipment as determined by the Buyer at full market value); and

(f) Buyer lease from Seller no less than 100,000 square feet of space at the Seller Premises designated by Seller and approved by Buyer upon the following terms: (a) 5 year lease commencing June 1, 2015, (b) \$2 per square foot per year, (c) triple net lease as defined in the industry with annual escalation of 2%, and (d) renewal option for an additional 5-year term subject to a 2% per year escalation. If such a lease is entered into between Buyer and Seller, and solely from its inventory located in its Mississippi warehouse, Seller will provide Buyer the following: storage racks, racks to store finished goods, work in process, and raw materials (primarily upholstery). Seller will make necessary repairs to the leased space and for such space to be in rentable condition in accordance with industry standards. Seller will be responsible for all structural repairs to the leased space other than those damages caused by Buyer. In addition and through good faith negotiations, Seller will absorb, through reduction in Buyer's lease payments or cash consideration, at least half (if cash consideration, Seller's contribution shall be 50%, if reduction of lease payments, Seller's contribution shall be 100%) of the reasonable moving costs associated with Buyer's moving its then existing inventory from current warehouses located in California and North Carolina to the Seller Premises. Buyer estimates the cost to be in the range of \$70,000 - \$150,000. Buyer shall provide proof of costs to Seller on or before the execution date of the lease

(g) Nothing set forth in Section 3.3(a) through 3.3(f) of this Agreement creates or shall be deemed to create any obligation on part of either the Seller or Buyer to sell, purchase or lease, as applicable, any of the assets or lease space listed in Section 3.3(a) through 3.3(e) of this Agreement any such sale, purchase or lease is contingent on the then availability of such product or lease space and agreement of the Parties on the terms of such sale/lease (which agreement shall not be presumed) and, if applicable, approval by the Bankruptcy Court.

(h) Notwithstanding Buyer's purchase of the Acquired Assets, Seller retains all rights to sell or otherwise dispose its remaining assets, including the assets listed in Section 3.3(a) through 3.3(f) of this Agreement, if such assets are not acquired by Buyer prior to such time.

¹ Seller agree to consign such work in process to Buyer's possession provided that such all consigned work in process products/goods are warehoused at the Seller Premises and a full accounting of the remaining work in process is performed on a quarterly basis.

3.4 Required Annual Minimum Payments. During the first year from the date of this Agreement, Buyer shall pay Seller a minimum of \$40,000 of the Purchase Price; during the second year from the date of this Agreement, Buyer shall pay Seller a minimum of \$70,000 of the Purchase Price; during the third year from the date of Agreement, Buyer shall be required to pay Seller a minimum of \$90,000 of the Purchase Price; each year of this Agreement thereafter, Buyer shall be required to pay Seller a minimum of \$100,000 of the Purchase Price. These required annual minimum amounts shall be referred to herein as the "Required Annual Minimums". Within thirty (30) days of the end of the first anniversary year of this Agreement, Buyer shall pay Seller the difference between \$40,000 and the payments actually paid to Seller for such year; within thirty (30) days of the end of the second anniversary year of this Agreement, Buyer shall be required to pay Seller the difference between \$70,000 and the payments actually paid to Seller for such year; within thirty (30) days of the end of the third anniversary year of this Agreement, Buyer shall be required to pay Seller the difference between \$90,000 and the payments actually paid to Seller for such year; thereafter, within thirty (30) days of the end of each anniversary year of this Agreement, Buyer shall be required to pay Seller the difference between \$100,000 and the payments actually paid to Seller for such year until the Seller has received the Purchase Price amount. Failure to make the Required Annual Minimum payments shall be deemed a material breach of this Agreement.

(a) Elimination of Annual Minimum Payments. Without any impact on the Buyer's obligations to pay the Purchase Price as set forth in Section 3.2 of this Agreement and until the Purchase Price is paid in full, Buyer will be relieved from remitting the Required Annual Minimums to the Seller if (X) the Buyer, due solely to the fault of the Seller, is unable to begin (i) the assembly of the component parts at the Seller Premises by April 15, 2015 and (ii) shipment of products to customers by May 1, 2015; (Y) if this Agreement is terminated within one year from the Closing Date, or (Z) as provided in Section 3.2(c) of this Agreement.

3.5 Statements. Within each payment hereunder, Buyer shall deliver to Seller a complete and accurate report, which includes the following information (each, a "Statement"). Each Statement shall identify each customer to whom the product containing or using any of the Acquired Assets were sold during the applicable calendar quarter, as well as, for each customer, quantities of the products sold and prices charged. Failure to provide a Statement shall be deemed a material breach of this Agreement. The Parties will sign a confidentiality and non-circumvention agreement.

3.6 Records and Audits. Buyer shall keep such books of account containing such particulars as may be reasonably necessary for the purpose of verifying the amounts payable to Seller under this Agreement, and shall provide to Seller an annual audited financial statement related to the amounts paid hereunder. Buyer shall make such books of account available for inspection by Seller and/or its designated accounting firm, for the purpose of verifying Buyer's payments to Seller. Seller shall be responsible for the cost of any such inspection; provided, however, that if an inspection shows a material omission or error in payments paid of 5% or more, then: (a) Buyer shall reimburse Seller of all expenses incurred by Seller to conduct the inspection; and (b) Buyer shall pay to Seller the amount of payments that should have been but were not paid to Seller by Buyer (the "Underpayment") plus seven percent (7%) interest.

3.7 Allocation of Purchase Price. The sum of the Purchase Price and the value of the assumed liabilities (to the extent properly taken into account under the Code) shall be allocated among the Acquired Assets in accordance with section 1060 of the Code and the U.S. Treasury Regulations promulgated thereunder (and any similar provision of state or local Law, as appropriate). The Seller and the Buyer shall use commercially reasonable efforts to agree on the allocation after the Closing. If the Parties agree on the allocation, then the Parties shall file all Tax Returns (including Internal Revenue Service Form 8594) consistent with such allocation. If the Parties do not agree on the allocation within 30 days after the Closing, then each Party shall be entitled to make its own determination, in its sole and absolute discretion, of the allocation.

3.8 Interim Month to Month Lease. Immediately following the execution of this Agreement and subject to the approval of the Bankruptcy Court, the Parties will enter into an interim month-to-month lease by which Buyer will lease from Seller no less than 20,000 square feet of space at the Seller Premises commencing no later than April 15, 2015. The economic terms of the month to month lease shall be similar to terms described in Section 3.3(f) of this Agreement.

3.9 Ontario Inventory. Buyer has shipped or will ship 30 containers of furniture components parts from Asia to its warehouse in Ontario, California. Upon the Bankruptcy Court's approval of the transactions set forth in this Agreement and the Buyer's purchase assets and lease of the space in the Seller Premises as set forth in Section 3.3(a) through 3.3(f) of this Agreement, Buyer and Seller will equally share the reasonable cost of moving these containers from California to the Seller Premises.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth on the Schedules, the Seller hereby represents and warrant to the Buyer, as follows:

4.1 Organization. The Seller is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization. The Seller has all necessary power and authority to own or lease and operate its assets and to carry on the business conducted by it in the manner conducted on the date of this Agreement.

4.2 Due Authorization, Execution and Delivery; Enforceability. The Seller has the requisite power and authority to enter into, execute and deliver this Agreement and the other agreements contemplated hereby and, subject to the Sale Order having been entered by the Bankruptcy Court, to perform its obligations hereunder and thereunder and has taken all necessary action required for the due authorization, execution, delivery and performance by it of this Agreement and the transactions contemplated hereby and thereby. This Agreement constitutes the legally valid and binding obligation of the Seller, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable insolvency or similar Laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

4.3 Consents. Other than any consent, approval, license, permit, Order or authorization (each, a “**Consent**”) that has already been obtained and subject to the Sale Order having been entered by the Bankruptcy Court, none of the execution, delivery or performance by the Seller of this Agreement will require any material Consent of or from, or registration, notice, declaration or filing (each, a “**Filing**”) with or to, any Person or Governmental Entity.

4.4 No Conflicts. The execution, delivery and performance by any Seller of this Agreement and the consummation of the transactions contemplated hereby and thereby does not conflict with or result in any breach of any provision of the articles of incorporation or bylaws or similar organizational documents of the Seller.

4.5 Title to Acquired Assets. Subject to Section 4.7 of this Agreement in all respects and the uncertainty over Seller’s right to use the China Trade Marks in China as set forth in Section 6.8 of this Agreement, Seller has good and marketable title to the Acquired Assets.

4.6 Financial Advisors. No Person acting, directly or indirectly, as a broker, finder or financial advisor for the Seller in connection with the transactions contemplated by this Agreement is entitled to any fee or commission or like payment in respect thereof from the Seller.

4.7 Full Disclosure. Seller makes no representations or warranties to the Buyer with respect to any of the Acquired Assets. The Acquired Assets are purchased by the Buyer on an AS IS WHERE IS BASIS.

4.8 Non-Competition. Seller and its CEO agree that, during and for the term of five years after the termination of this Agreement, they will not, directly or indirectly, anywhere in the United States of America, engage in any competitive business to the Buyer’s present operations.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth on the Schedules, the Buyer represents and warrants to the Seller as follows:

5.1 Organization. The Buyer is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization. The Buyer has all necessary power and authority to own or lease and operate its assets and to carry on the business conducted by it in the manner conducted on the date of this Agreement.

5.2 Due Authorization, Execution and Delivery; Enforceability. The Buyer has the requisite power and authority to enter into, execute and deliver this Agreement and the other agreements contemplated hereby and to perform its obligations hereunder and thereunder and has taken all necessary action required for the due authorization, execution, delivery and performance by it of this Agreement and the transactions contemplated hereby. This Agreement and other agreements to which Buyer is a party constitutes the legally valid and binding obligation of the Buyer, enforceable against it in accordance with its terms, except as

enforceability may be limited by applicable bankruptcy, insolvency or similar Laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.3 Consents. None of the execution, delivery or performance by the Buyer of this Agreement or any related agreement to which it is a party will require any Consent of or from, or Filing with or to, any Person or Governmental Entity.

5.4 No Conflicts. The execution, delivery and performance by the Buyer of this Agreement and any related agreement to which it is a Party and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with or result in any breach of any provision of its organizational documents, except as would not result in a material adverse effect on the ability of the Buyer to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

5.5 Financial Capability. The Buyer (a) has, and will have, sufficient internal funds available to pay the Purchase Price and any expenses incurred by the Buyer in connection with the transactions contemplated by this Agreement, (b) has, and at the Closing will have, the resources and capabilities (financial or otherwise) to perform its obligations hereunder and (c) has not incurred any obligation, commitment, restriction or liability of any kind, which would impair or adversely affect such resources and capabilities.

5.6 Financial Advisors. No Person acting, directly or indirectly, as a broker, finder or financial advisor for the Buyer in connection with the transactions contemplated by this Agreement is entitled to any fee or commission or like payment in respect thereof from the Seller or any of its Affiliates.

ARTICLE 6 COVENANTS OF THE PARTIES

6.1 Conduct of Business Pending the Closing. During the period from the Effective Date and continuing until the earlier of the termination of this Agreement in accordance with its terms or the Closing (the "**Interim Period**"), except as may be required by applicable Law or the Bankruptcy Court, as expressly permitted or authorized hereby or relating to the transactions contemplated by this Agreement, the Seller will use its best efforts (considering its current financial and operational position) to preserve and protect, in all respects, the Acquired Assets.

6.2 Access. Subject to applicable Law, during the Interim Period, the Seller shall cooperate reasonably with the Buyer in its due diligence of the Acquired Assets.

6.3 Tax Matters. All Transfer Taxes arising out of the transfer of the Acquired Assets pursuant to this Agreement shall be paid and borne one-half by the Seller and one-half by the Buyer, if permitted by applicable Law. In the event that any Transfer Tax payable with respect to the transactions contemplated by this Agreement may not be paid and borne equally by the Seller and the Buyer under applicable Law, then (i) the separate statement, payment, and reporting of all such Transfer Tax shall be made in accordance with applicable Law and (ii) the Purchase Price shall be decreased before the Closing by the amount of any Transfer Tax paid or to be paid by the Buyer in excess of one half of the Transfer Tax due.

(b) The Buyer, on the one hand, and the Seller, on the other hand, shall use commercially reasonable efforts to furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to the Acquired Assets as is reasonably necessary for filing of all Tax Returns relating to Transfer Taxes and Tax periods that began prior to the Closing Date, including any claim for exemption or exclusion from the application or imposition of any Taxes with respect to such periods, the preparation for any audit by any Tax Authority with respect to such Transfer Taxes and periods, and the prosecution or defense of any Proceeding relating to any Tax Return with respect to such Transfer Taxes and periods. The obligations of the Parties pursuant to the immediately preceding sentence with respect to any Tax period shall expire upon the expiration of the applicable statute of limitations with respect to such period.

6.4 Regulatory Approvals.

(a) The Buyer and Seller shall use their commercially reasonable efforts, and shall cause their Affiliates to use their respective commercially reasonable efforts, to (i) promptly obtain all authorizations, consents, Permits and approvals of all Governmental Entities that may be, or become, necessary for its execution and delivery of, performance of its obligations pursuant to, and consummation of the transactions contemplated by, this Agreement, (ii) take all such actions as may be requested by any such Governmental Entity to obtain such authorizations, consents, Permits and approvals, and (iii) avoid the entry of, or effect the dissolution of, any Order that would otherwise have the effect of preventing or materially delaying the consummation of the transactions contemplated by this Agreement. The Parties shall reasonably cooperate in connection with any filings or notifications required in connection therewith, and neither Seller nor the Buyer nor their respective Affiliates shall take any action that would reasonably be expected to have the effect of delaying, impairing or impeding the receipt of any required authorizations, consents, Permits or approvals.

(b) To the extent permitted by applicable Law, each Party to this Agreement shall promptly notify the other Party of any substantive oral or written communication it receives from any Governmental Entity relating to the matters that are the subject of this Agreement, permit the other Party to review in advance any substantive communication proposed to be made by such Party to any Governmental Entity and provide the other Party with copies of all correspondence, filings or other communications between them or any of their representatives, on the one hand, and any Governmental Entity or members of its staff, on the other hand. No Party to this Agreement shall agree to participate in any meeting or discussion with any Governmental Entity in respect of any such filings, investigation or other inquiry unless, to the extent permitted by such Governmental Entity and applicable Law, it consults with the other Party in advance and gives the other Party the opportunity to attend and participate in such meeting. To the extent permitted by applicable Law, the Parties to this Agreement will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other Party may reasonably request in connection with the foregoing or to secure all necessary authorizations, consents, Permits and approvals for the Buyer's ownership of the Acquired Assets after the Closing.

(c) If any Governmental Entity shall seek, or shall have indicated that it may seek, the enactment, entry, enforcement or promulgation of any Law or Order restraining or

prohibiting the transactions contemplated by this Agreement, the Buyer and each Seller shall use its commercially reasonable efforts to resolve any such objections.

6.5 Confidentiality.

(a) Until the Closing, the confidentiality of any data or information received by the Buyer or the Seller regarding any other Party shall be maintained by such receiving Party in accordance with the terms and conditions of the confidentiality agreement between the Buyer and the Company, entered into as of _____ (the “**Confidentiality Agreement**”). In the event the transactions contemplated hereby are consummated, the terms of the Confidentiality Agreement shall thereupon cease and terminate. Nothing herein prevents the Buyer preparing and distributing marketing material for the Products as well as sales of the Product.

(b) After the Closing, the Seller and their respective Affiliates will hold in confidence, all information (written or otherwise), in any form or medium, that is confidential, proprietary or otherwise not generally available to the public (“**Confidential Information**”) and relates to the Acquired Assets, except to the extent that such information can be shown to have been (i) in the public domain prior to the Closing, or (ii) in the public domain at or after the Closing through no fault of the Seller or its respective Affiliates or representatives. If, after the Closing, Seller or any of its respective representatives are legally required to disclose any Confidential Information, such party will (A) promptly notify the Buyer to permit the Buyer, at its expense, to seek a protective order or take other appropriate action, and (B) at the Buyer’s expense, cooperate as reasonably requested by the Buyer in the Buyer’s efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded such Confidential Information. If, after the Closing, and in the absence of a protective order, the Seller or any of its respective Affiliates or representatives are compelled under applicable Law to disclose Confidential Information to a third party, such party may disclose to the third party compelling disclosure only the part of such Confidential Information as is required by applicable Law to be disclosed.

6.6 Further Assurances. Subject to the terms and conditions herein provided, following the Closing Date, the Seller shall execute and deliver to the Buyer such bills of sale, endorsements, assignments and other good and sufficient instruments of assignment, transfer and conveyance, in form and substance reasonably satisfactory to the Buyer, and take such additional actions as the Buyer may reasonably request (a) to promptly vest in the Buyer all of the Seller’s right, title and interest in and to the Acquired Assets, and (b) to otherwise accomplish the purpose of the Parties with respect to the transactions contemplated hereby.

6.7 Bankruptcy Matters.

(a) *Filing of Chapter 11 Case.* Before or after the execution of this Agreement, the Seller may file the Chapter 11 Case with the Bankruptcy Court.

(b) *Sale Order.* The Seller and the Buyer shall use its commercially reasonable efforts to cooperate, assist and consult with each other to procure the entry of a sale order (the “**Sale Order**”) as promptly thereafter as practicable. The Sale Order will provide, among other things, that pursuant to sections 105, 363 and 365 of the Bankruptcy Code:

(i) the Acquired Assets shall be sold to the Buyer free and clear of all Liens;

(ii) the transactions contemplated by this Agreement were negotiated at arm's length, that the Buyer acted in good faith in all respects and the Buyer shall be found to be a "good faith" purchaser within the meaning of section 363(m) of the Bankruptcy Code;

(iii) the terms and conditions of the sale of the Acquired Assets to the Buyer as set forth herein are approved;

(iv) the Seller is authorized to consummate the transactions contemplated by this Agreement;

(v) the Buyer and the Seller did not engage in any conduct that would allow the transactions contemplated by this Agreement to be set aside pursuant to section 363(n) of the Bankruptcy Code; and

(vi) the Sale Order is binding upon any successors to the Seller, including any trustees in respect of the Seller or the Acquired Assets in the case of any proceeding under chapter 7 of the Bankruptcy Code;

(c) *No Approval.* If the Bankruptcy Court does not approve the transaction provided for in this Agreement then Buyer shall immediately cease the production and/or shipment of any new Product based on or including the Acquired Assets, provided that the Buyer may sell the inventory then on hand or on order that would otherwise constitute the Product, provided, further, that such sale shall not exceed 500 sets (chairs and matched tables) until such inventory of Product is depleted or sold.

6.8 China Trade Marks: There exists a dispute over Seller's ability to use the trade names "Chromcraft" and "Peters-Revington" in China (the "China Trade Marks"). Seller agrees to expand up to \$50,000.00 (the "Exposure Cap") in its efforts to obtain the right to use the China Trade Marks in China (from Dongguan Freeland Animation Design Co. Ltd.). The Exposure Cap will be funded as follows: Seller covers direct expenses of its own counsel up to \$30,000 and any costs between \$30,000 and the Exposure Cap shall be paid by Buyer and deducted from the Purchase Price. The Parties agree to cooperate in good faith on matters related to the resolution of the pending dispute over the China Trade Marks.

ARTICLE 7

CONDITIONS TO OBLIGATIONS OF THE PARTIES

7.1 Conditions Precedent to Obligations of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by the Buyer in the Buyer's sole discretion) at or prior to the Closing Date of each of the following conditions:

(a) There shall be no Law or Order that restrains or prevents the transactions contemplated by this Agreement.

(b) The Bankruptcy Court shall have entered the Sale Order, which shall be in form and substance acceptable to the Buyer, and as of the Closing Date the Sale Order shall be in full force and effect and shall not have been reversed, vacated, or stayed, and shall not have been amended, supplemented, or otherwise modified in any material respect without the prior written consent of the Buyer.

7.2 Conditions Precedent to the Obligations of the Seller. The obligation of the Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by the Seller in the Seller's sole discretion) at or prior to the Closing Date of each of the following conditions:

(a) Each of the representations and warranties of the Buyer contained herein shall have been true and correct on the Effective Date, and each of the representations and warranties of the Buyer contained herein that are not, by their terms, qualified by a materiality standard shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date (and each of the representations and warranties of the Buyer contained herein that are, by their terms, qualified by a materiality standard, shall be true and correct on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date), except to the extent that any such representation or warranty is expressly made as of a specified date, in which case such representation or warranty shall have been true and correct as of such specified date; *provided, however*, that the failure of any such representations or warranties to be true and correct on and as of the Closing Date shall not constitute a basis for the Seller to refuse to consummate the transactions contemplated hereby unless such failure has resulted in a material adverse effect on the ability of the Buyer to consummate the transactions contemplated hereby.

(b) The Buyer shall have performed in all material respects all obligations and agreements contained in this Agreement required to be performed by it on or prior to the Closing Date.

(c) The Buyer shall have executed and delivered to the Seller the documents and other deliveries as may be required.

(d) There shall be no Law or Order that restrains or prevents the transactions contemplated by this Agreement.

(e) The Bankruptcy Court shall have entered the Sale Order, which shall be in form and substance acceptable to the Seller, and no Order staying, reversing, modifying or amending the Sale Order shall be in effect on the Closing Date.

ARTICLE 8 TERMINATION AND BREACH

8.1 Termination of Agreement. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) by the mutual written agreement of the Buyer and the Seller;

(b) by the Buyer in the event of any material breach by the Seller of any of Seller's agreements, covenants, representations or warranties contained herein and such material breach is incapable of being cured or, if capable of being cured, shall not have been cured within 30 days following receipt by the Seller of notice of such material breach from the Buyer;

(c) by the Seller in the event of any material breach by the Buyer of any of the Buyer's agreements, covenants, representations or warranties contained herein and such material breach is incapable of being cured or, if capable of being cured, shall not have been cured within 30 days following receipt by the Buyer of notice of such material breach from the Seller;

(d) by either the Buyer or the Seller if the Bankruptcy Court enters an Order that becomes final approving a transaction with a party other than the Buyer with respect to the Acquired Assets, which transaction constitutes a Superior Proposal;

(e) by either the Buyer or the Seller if there shall be any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited, or if any Order permanently restraining, prohibiting or enjoining the Buyer or the Seller from consummating the transactions contemplated hereby is entered and such Order shall become final; or

(f) by the Seller if the Closing does not occur on or before April 17, 2015 due to no material fault of the Seller.

8.2 Consequences of Termination.

(a) In the event of any termination of this Agreement by any Party pursuant to Section 8.1, written Notice thereof shall be given by the terminating Party to the other Party, specifying the provision hereof pursuant to which such termination is made, this Agreement shall thereupon terminate and become void and of no further force and effect (other than Section 6.5, this Section 8.2 and Article 9 and, to the extent applicable in respect of such Sections and Article, Article 1), and the transactions contemplated hereby shall be abandoned without further action of the Parties, except that such termination shall not relieve any Party of any liability for any prior breach of this Agreement.

8.3 Buyer Breach. Without limiting Buyer's obligations under Section 3.2 of this Agreement or the Seller's damages or remedies associated with Buyer's breach of any term of this Agreement, upon Buyer's breach of any of its obligations under this Agreement which breach is not cured within the period set forth in this Agreement, then:

(a) Buyer shall immediately cease the production of any Product based on or including the Acquired Assets, provided that the Buyer may continue to sell, for up to one (1) year following the breach, the Product then on hand, and

(b) The ownership of the Acquired Assets, including the Product IP, shall automatically revert to the Seller or its designees or assigns and the Buyer shall not have any rights to the Acquired Assets or the Product IP. The Acquired Assets shall revert back to the Seller free and clear of any liens or encumbrance and Buyer and its Affiliates shall execute all necessary documents to accomplish such transfer back to the Seller or its designee or assign.

ARTICLE 9 MISCELLANEOUS

9.1 Expenses. Except as set forth in this Agreement and whether or not the transactions contemplated hereby are consummated, each Party shall bear all costs and expenses incurred or to be incurred by such Party in connection with this Agreement and the consummation of the transactions contemplated hereby.

9.2 Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by the Buyer without the prior written consent of the Seller unless the assignment is to the Buyer's Affiliates and Buyer and said Affiliate remain responsible for the obligations specified in this Agreement, *provided, however*, that Seller shall be able to assign this Agreement or any rights and obligations hereunder to any party without any prior approval or notice to Buyer or any other Person. Furthermore, prior to the payment in full of the Purchase Price, Buyer shall not sell or assign any of the Acquired Assets without prior written consent of the Seller. In making such determination, Seller will consider whether or not the assignee or the purchaser of the Acquired Assets from the Buyer will assume and be responsible for all of Buyer's then outstanding obligations under this Agreement, and whether the assignee or the purchaser of the Acquired Assets has the financial wherewithal to fulfill Buyer's obligations under this Agreement.

9.3 Parties in Interest. This Agreement shall be binding upon and inure to the benefit of the Buyer and the Seller and their respective successors and permitted assignees, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

9.4 Notices. All notices, demands, requests, consents, approvals or other communications (collectively, "**Notices**") required or permitted to be given hereunder or that are given with respect to this Agreement shall be in writing and shall be deemed given on the date personally served, delivered by a nationally recognized overnight delivery service with charges prepaid, or transmitted by hand delivery, or facsimile or electronic mail with confirmation of receipt, addressed as set forth below, or to such other address as such Party shall have specified most recently by Notice; *provided*, that if delivered or transmitted on a day other than a Business Day or after 5:00 p.m., New York time, Notice shall be deemed given on the next Business Day.

If to the Buyer:

Arts and Crafts Industries Ltd.
2009 S. Parco Avenue
Ontario, California 91761
Attention: James Yang
Facsimile: (909) 363 9933
E-mail: james.yangw@gmail.com

With a copy to each of (which
shall not constitute notice):

Law Office of Bin Li & Associates
730 N. Diamond Bar Blvd
Diamond Bar, California 91765

Attention: Bin Li
E-mail: bli@libinlaw.com

If to the Seller: Chromcraft Revington, Inc.
200 Union Boulevard, Suite 400
Lakewood, Colorado 80228
Attention: Samuel Kidston

With a copy to: Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Attention: Sharon Levine and Wojciech Jung
Facsimile: (973) 597-2477 and (973) 597-2465
E-mail: slevine@lowenstein.com and
wjung@lowenstein.com

Rejection of or refusal to accept any Notice, or the inability to deliver any Notice because of changed address of which no Notice was given, shall be deemed to be receipt of the Notice as of the date of such rejection, refusal or inability to deliver.

9.5 Choice of Law; Jurisdiction and Venue. This Agreement shall be construed and interpreted, and the rights of the Parties shall be determined, in accordance with the Laws of the State of New York, without giving effect to any provision thereof that would require the application of the substantive Laws of any other jurisdiction and, to the extent applicable, the Bankruptcy Code. With the exception of any appeals, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any Claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated.

9.6 Entire Agreement; Amendments and Waivers. This Agreement, the related agreements and all agreements entered into pursuant hereto and all certificates and instruments delivered pursuant hereto and thereto constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. This Agreement may be amended, supplemented or modified, and any of the terms, covenants, representations, warranties or conditions may be waived, only by a written instrument executed by the Seller and the Buyer, or in the case of a waiver, by the Party waiving compliance. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided.

9.7 Counterparts; Facsimile and Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Counterparts to this Agreement may be delivered via facsimile or electronic mail. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the Party against whom enforcement is sought.

9.8 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such provisions shall be limited or eliminated only to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

9.9 Specific Performance. The Parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by the Buyer, on the one hand, or the Seller, on the other hand, in accordance with the specific terms contained herein or were otherwise breached by the Buyer, on the one hand, or the Seller, on the other hand, shall therefore be entitled to an injunction or injunctions to prevent breaches or termination of this Agreement by the Seller, on the one hand, or the Buyer, on the other hand, and to enforce specifically the terms and provisions of this Agreement.

9.10 WAIVER OF RIGHT TO TRIAL BY JURY. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

9.11 NO CONSEQUENTIAL DAMAGES. IN NO EVENT SHALL ANY PARTY BE LIABLE UNDER OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY OR INCIDENTAL DAMAGES, LOST PROFITS OR COSTS OF ANY OTHER PARTY OR ITS AFFILIATES, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), WARRANTY OR OTHERWISE, AND ALL SUCH INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY AND INCIDENTAL DAMAGES, LOST PROFITS AND COSTS ARE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVED, RELEASED AND DISCHARGED.

9.12 Survival. Each and every representation, warranty, covenant, and agreement contained in this Agreement or in any instrument delivered pursuant to this Agreement (other than the covenants contained in this Agreement and the related agreements that by their terms are to be performed (in whole or in part) by the Parties following the Closing, shall expire and be of no further force and effect as of the Closing and no Party shall thereafter have any liability whatsoever with respect thereto.

9.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Counterpart signature pages may be exchanged via facsimile or other means of electronic transmission.

[Signatures Follow]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the Sellers and the Buyer as of the date first written above.

SELLER:

CHROMCRAFT REVINGTON, INC.

By: 

Name: SAMUEL A. KINGSTON

Title: CEO

BUYER:

ARTS AND CRAFTS INDUSTRIES LTD.

By: 

Name:

Title:

Jamar Yang
Marketing Director.

Signature Page to Asset Purchase Agreement

SCHEDULE 2.1(b)(i)
(To Asset Purchase Agreement)

Seller Products

Brand name: Chromcraft Residential

Chromcraft Residential is transitional in style, combining customization of finishes and fabrics in motion (swivel tilt) dining. The product line is comprised of chair buckets & table tops offering a selection of compatible bases in a "mix & match" concept.

Products from the Chromcraft Residential line are as follows:

- Chair buckets: C177, C117, C127, C188, C189, C362, C363, C179, C176, C309, C318, C183, C278, C128, C136, C190, C51, C83, C279, C98
- Chair bases: 855, 856, 935, 936, 788, 588
- Stool bases: S544, S546, S548, S334, S336, S338, S384, S388, S534, S536, S538, S324, S326, S328, S474, S476, S478
- Table tops: T134, T141, T142, T152, T130, T135, T250, T126
- Table bases: 355, 356, 404, 453, 456, 488, 607

Customization offerings include the following finishes and laminates:

- Metal finishes: Bronze Tex, Antique Brown, Sand Tex, Ebony, White Tex
- Wood finishes: Glenoak, Providence Oak, Walnut
- Laminates: Walnut, White, Milano Amber, Bronzed Fusion, Honey Oak, Almond, Providence Oak, Threshers Oak, Travertine
- Fabrics: selection of 50-75 fabric styles with 80+% being Grade 1

Pictures of products can be seen via chromcraft-revington.com: http://chromcraft-revington.com/cr_catalog.cfm.

Brand name: Chromcraft Contract

Chromcraft Contract is transitional in style offering mid-price office seating and tables for business environments including government, banks, schools, airports, healthcare facilities and other commercial markets.

Products from the Chromcraft Residential line are as follows:

- Ergonomic seating: Genesis, Zyn, Pab
- Executive seating: Icon, Quest, I Chair
- Stack seating: Facet, Pyramid, Moxy, Diva
- Multiple seating: Revolution, Glee
- Tables- Taask

Pictures of products can be seen via chromcraft-revington.com: http://www.chromcraftcontract.com/cr_product.cfm.

Brand name: Peters Revington

Products from the Peters Revington line are as follows:

- Dongguan Yu Hong Factory
 - Rustics- rugged styling from oak veneers and hardwood solids featuring a “shop worn” brown oak finish
 - Oslo- Mixed media combining cherry veneers, rectified architectural stone & iron legs
- Panaway Factory
 - St. Augustine- Contemporary mixed media combining thick oak tops and earth tone slate. Scrolled metal legs finished in aged antique brass
- Hi Sun Factory
 - Storage ottomans- blended leather on each ottoman available in three distinct colors. Each features hidden storage beneath its blended upholstered cushion
- Dongguan Zhisheng Factory
 - Duplex- Mid-century modern styling featuring lighter scales for today’s smaller rooms and upholstered frames created from ash veneers and oak solids
 - Eastlake- Timeless design featuring birch veneers and hardwood solids in a medium fruitwood finish
 - Royal Oak- Traditional oak styling with oak and ash solids, ash veneers and oak edged high pressure laminated tops all in a warm, brown oak finish
 - Metro- Transitional styling featuring cheery veneers and hardwood solids in a chocolate cherry finish
 - Triston- Country casual styling in oak solids and engraved hardwoods featuring lumber banded, high pressure laminate tops
- Yisheng Factory
 - American Craftsman- Mixed media design constructed using oak veneers, hardwood solids, multi-toned slate tiles & metal accents in a chestnut oak finish
 - Bordeaux- Traditional styling in a warm cheery finish featuring glass inserts on tops, cheery veneers and hardwood solids
 - Briarwood- Casual traditional styling featuring mindy veneers and select hardwoods in a warm, antiqued oak finish
 - Creekside- Warm rustic styling created with a combination of oak veneers, select hardwood solids, hand fitted natural slate drawer fronts in a worn Chestnut Oak finish with distressing
 - Cheyenne- Rustic styling using solid oak construction, solid slate tile tops, antique pewter hardware in a golden oak finish

Pictures and pieces of each group can be found in this link: http://chromcraft-revington.com/cr_catalog.cfm.

SCHEDULE 2.1(b)(ii)
(To Asset Purchase Agreement)

Seller Trademarks

Registered Trademarks	Date of First Use	Application Filed	Registration Date	Reference Number	Registration Number
Product series:					
FACET	6/15/2005	6/25/2007	5/19/2009	CHRC-2	3,623,607
EPIX	3/1/2008	6/25/2007	7/15/2008	CHRC-3	3,469,086
ICON	6/13/2005	6/22/2007	3/17/2009	CHRC-4	3,592,111
TRAK	4/1/2006	6/25/2007	6/2/2009	CHRC-5	3,632,077
ZYN	3/1/2008	6/25/2007	7/15/2008	CHRC-6	3,469,088
DIVA	6/11/2007	6/25/2007	6/30/2009	CHRC-7	3,648,136
ME	3/1/2008	6/25/2007	7/15/2008	CHRC-8	3,469,089
CHROMCRAFT	11/1/1961	3/28/2008	5/19/2009	CHRC-9	3,624,304
COCHRANE (Dining)	1976	4/7/2010	2/8/2011	CHRR-21	3,916,379
PETERS-REVINGTON	7/1/2005	8/14/2008	5/11/2010	CHRR-23	3,788,094
CHROMCRAFT REVINGTON	9/1/1992	8/14/2008	4/12/2011	CHRR-27	3,944,755
CR Kids & Beyond	2/1/2010	1/7/2010	2/1/2011	CHRR-33	3,915,126
DESIGN & DINE	7/1/2004	4/7/2010	4/12/2011	CHRR-34	3,946,088
CHROMCRAFT (& Design)	6/1/2007	4/8/2010	10/11/2011	CHRR-36	4,039,286
COCHRANE (Bedroom)	4/9/2011	3/28/2011	12/25/2012	CHRR-39	4,265,139
Maple Leaf	10/1/2012	4/5/2011	4/13/2013	CHRR-40	4,384,408
Sumter (not registered trademark, and all other trademarks to which Seller has title irrespective of the registration status of such trademarks)					

SCHEDULE 2.2

(To Asset Purchase Agreement)

Excluded Assets

[To be completed by the Buyer prior to Closing]

Schedule 3.2(b)

(To Asset Purchase Agreement)

Seller's Wire Instructions

To be provided prior to Closing

NCTO

3131456

A0112589

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION
Arts and Crafts Industries Ltd
California Entity No. C3131456

FILED
Secretary of State
State of California

lcc

JUL 10 2015

The undersigned certifies that:

1. They are the president and secretary, respectfully, of Arts and Crafts Industries Ltd
a California corporation. California Entity No. C3131456.

2. Article 1 of the Articles of Incorporation of this corporation is amended to read as follows:

The name of this Corporation shall be CHROMCRAFT REVINGTON DOUGLAS IND LTD


3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of
directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote
of the shareholders in accordance with Section 902, California Corporations Code. The total number of
outstanding shares of the corporation is one million. The number of shares voting in favor of the
amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.
One hundred percent of the authorized, outstanding and issued shares voted in favor of the
amendment.

We further declare under penalty of perjury under the laws of the State of California that the
matters set forth in this certificate are true and correct of our own knowledge.

DATE: July 8, 2015


WILLA LI, President


WILLA LI, Secretary



I hereby certify that the foregoing
transcript of _____ page(s)
is a full, true and correct copy of the
original record in the custody of the
California Secretary of State's office.

JUL 20 2015

Date: _____

Alex Padilla

ALEX PADILLA, Secretary of State