

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at October 31, 2012 of the property interests of the Group.*



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Licence No: C-030171

December 14, 2012

The Board of Directors  
**China Silver Group Limited**  
35<sup>th</sup> Floor  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which China Silver Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) have interests in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at October 31, 2012 (the “**date of valuation**”).

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

Due to the nature of the buildings and structures of the property interests in Group I and the particular locations in which they are situated there are unlikely to be relevant market comparable sales readily available, the property interests have been valued by the Cost Approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

We have attributed no commercial value to the property interest in Group II, which is leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rentals.

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

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

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

We have been shown copies of various title documents including State-owned Land Use Rights Certificates and Building Ownership Certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisors — Jingtian & Gongcheng, concerning the validity of the property interests in the PRC.

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

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

Inspection of the properties was carried out in the period from August 1, 2012 to August 3, 2012 by Kathryn Han, who has obtained a bachelor degree in Capital University of Economics and Business with major subjects including construction and real estate development and has 8 years' experience in the valuation of properties in the PRC.

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

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

Yours faithfully,  
For and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Eddie T. W. Yiu**  
*MRICS MHKIS RPS (GP)*  
*Director*

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*Note: Eddie T.W. Yiu is a Chartered Surveyor who has 18 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.*

## SUMMARY OF VALUES

## Group I — Property interest held and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	Capital value in existing state as at October 31, 2012
		RMB
1.	3 parcels of land (nos. 1006-027-006, 1006-027-009 and 1006-027-017), 35 buildings and various structures located at the southern side of Yongji Road Industrial Park Yongfeng County Ji An City Jiangxi Province The PRC	127,114,000
	<b>Sub-total:</b>	<u><u>127,114,000</u></u>

## Group II — Property interest leased and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	Capital value in existing state as at October 31, 2012
		RMB
2.	Unit 101, No. 199 Daomao Alley Xiacheng District Hangzhou City Zhejiang Province The PRC	No commercial value
	<b>Sub-total:</b>	<u>Nil</u>
	<b>Grand total:</b>	<u><u>127,114,000</u></u>

## VALUATION CERTIFICATE

## Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at October 31, 2012 RMB
1.	3 parcels of land (nos. 1006-027-006, 1006-027-009 and 1006-027-017), 35 buildings and various structures located at the southern side of Yongji Road Industrial Park Yongfeng County Ji An City Jiangxi Province The PRC	<p>The property comprises 3 parcels of land with a total site area of approximately 200,000 sq.m., and 35 buildings and various ancillary structures erected thereon which were completed in various stages between 2008 and 2012.</p> <p>The buildings have a total gross floor area of approximately 53,539.34 sq.m.</p> <p>The buildings include 18 industrial buildings, 10 storage rooms, 3 staff dormitories, one guard house, one washroom, one bathroom and one clubhouse.</p> <p>The structures mainly include pools, chimney, shed and road.</p> <p>The land use rights of the 3 parcels of land of the property have been granted for various terms expiring on December 26, 2056, July 2, 2059 and May 29, 2061 for industrial use.</p>	The property is currently occupied by the Group for production, office, and staff dormitory purposes.	127,114,000

*Notes:*

1. Jiangxi Longtianyong Nonferrous Metals Co., Ltd. (江西龍天勇有色金屬有限公司, “Longtianyong Nonferrous Metals”) is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated June 26, 2009 and May 10, 2011, the land use rights of 2 parcels of land of the property with a total site area of approximately 130,443.32 sq.m. were contracted to be granted to Longtianyong Nonferrous Metals for terms of 50 years for industrial use. The total land premium was RMB13,078,401.
3. Pursuant to 3 State-owned Land Use Rights Certificates — Yong Guo Yong (2006) Di No. 0691, Yong Guo Yong (2009) Di No. 523 and Yong Guo Yong (2011) Di No. 1289, the land use rights of 3 parcels of land with a total site area of approximately 200,000 sq.m. have been granted to Longtianyong Nonferrous Metals for terms with the expiry dates on December 26, 2056, July 2, 2059 and May 29, 2061 for industrial use.

4. Pursuant to 35 Building Ownership Certificates — Yong Fang Fa Fang Quan Zheng 2008 Zi Di Ba Jiang Nos. 1-12.374-230207-1 to 6-12.374-230207-1, 7-12.374-240107-1 to 9-12.374-240107-1, 10-12.374-240607-1, 11-12.374-240607-1, 12-12.374-23018-1 to 16-12.374-23018-1, 17-12.374-24018-1, 18-12.374-23028-1 to 20-12.374-23028-1 and Yong Fang Quan Yong Feng Xian Zi Di Nos. 20100914661, 20100914284, 20100914823, 20100914414, 20100914382, 20100914294, 20100914289, 20100914569, 20100914249, 20100914514, 20100914422, 20100914154, 20100914393, 20120328737, 20120328844, 35 buildings with a total gross floor area of approximately 53,539.34 sq.m. are owned by Longtianyong Nonferrous Metals.
5. Pursuant to 2 Other Rights Certificates — Yong Ta Xiang (2011) Di No. 15 and Yong Fang Ta Zheng 2011 Zi Di No.20110722, the land use rights of 2 parcels of land with a total site area of approximately 130,433.32 sq.m. and 33 buildings with a total gross floor area of 47,889.85 sq.m. are subject to a mortgage for a maximum loan of RMB70,000,000 for a mortgage term of 3 years expiring on April 25, 2014.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, *inter alia*, the following:
  - a. the land use rights of 3 parcels of land have been legally granted to Longtianyong Nonferrous Metals and all the land premium and deed tax have been fully paid. Longtianyong Nonferrous Metals has the rights to transfer, lease, mortgage and use the land parcels of the property;
  - b. the land use rights of 2 parcels of land of the property mentioned in note 5 with a total site area of approximately 130,433.32 sq.m are subject to a mortgage, Longtianyong Nonferrous Metals has no rights to lease, transfer, mortgage or donate the land use rights during the period of mortgage without the consent of the mortgagee;
  - c. Longtianyong Nonferrous Metals has legally obtained the building ownership rights of the 35 buildings and has the rights to occupy and use these buildings; and
  - d. 33 of the 35 buildings of the property mentioned in note 5 with a total gross floor area of approximately 47,889.85 sq.m are subject to a mortgage; Longtianyong Nonferrous Metals has no rights to lease, transfer, mortgage or donate these buildings during the period of mortgage without the consent of the mortgagee;

7. The property contributes a significant portion of revenue to the Group, we are of the view that the property is the material property held by the Group:

Details of the material property

- (a) General description of location of the property : Yongji Road Industrial Park is located at the northwestern side of Yongfeng County, 50 kilometers away from the town center of Ji An City, 100 kilometers away from the Jinggangshan Airport. It is a newly developed industrial park in Yongfeng County.
- (b) Details of encumbrances, liens, pledges, mortgages against the property : Pursuant to 2 Other Rights Certificates — Yong Ta Xiang (2011) Di No. 15, and Yong Fang Ta Zheng 2011 Zi Di No. 20110722, the land use rights of 2 parcels of land with a total site area of approximately 130,433.32 sq.m. and 33 buildings with a total gross floor area of 47,889.85 sq.m. are subject to a mortgage for a maximum loan of RMB70,000,000 for a mortgage term of 3 years expiring on April 25, 2014. (see Note 5).
- (c) Environmental Issue : No environmental impact assessment has been carried out.
- (d) Details of investigations, notices, pending litigation, breaches of law or title defects : Nil
- (e) Future plans for construction, renovation, improvement or development of the property : As confirmed by the company, it plans to build additional 5 industrial buildings and 2 warehouses with a total gross floor area of approximately 26,000 sq.m. in 2013 and 2014. The total construction cost will be approximately RMB55,000,000.

## VALUATION CERTIFICATE

## Group II — Property interest leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at October 31, 2012 RMB
2.	Unit 101, No. 199 Daomao Alley Xiacheng District Hangzhou City Zhejiang Province The PRC	<p>The property comprises an office unit on level 1 of a 2-storey building completed in about 1997.</p> <p>The unit has a gross floor area of approximately 35 sq.m.</p> <p>The unit is leased to Zhejiang Fuyin Silver Co., Ltd. for a term of one year expiring on February 14, 2013, at an annual rent of RMB9,600 exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

*Notes:*

1. Zhejiang Fuyin Silver Co., Ltd. (浙江富銀白銀有限公司, “Zhejiang Fuyin”) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Zhejiang Fuyin from Chaoming sub-district office (潮鳴街道辦事處), an independent third party, for a term of one year expiring on February 14, 2013, at an annual rent of RMB9,600 exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal advisors, which contains, *inter alia*, the following:
  - a. the Tenancy Agreement is legal, valid and binding on the parties thereto; and
  - b. Zhejiang Fuyin may be subject to a penalty as the Tenancy Agreement was not registered with the relevant local authorities; however, the penalty would not have significant adverse impact on the sustained operation of Zhejiang Fuyin and lack of registration will not affect the validity of the Tenancy Agreement.