

The texts of a letter, summary of values and valuation certificate, prepared for the purpose of incorporation in this prospectus, received from GA Valuation Limited, an independent valuer, in connection with their valuation of our certain property interests as of 31 May 2013 are set out below.

20th Floor
Ka Wah Bank Centre
232 Des Voeux Road Central
Hong Kong



GA VALUATION LIMITED
天基評估有限公司

Date : 28 June 2013

The Board of Directors
China Golden Phoenix International (Holdings) Limited
Unit 1703-1704, 17th Floor
Block 3, Tins Centre
3 Hung Cheung Road
New Territories
Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with the instructions to us to value certain property interests held by China Golden Phoenix International (Holdings) Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”) (details of the properties are more particularly listed in the Summary of Values of this report), 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 value of the property interests as at 31 May 2013 (the “date of valuation”).

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the International Valuation Standards of the International Valuation Standards Council and followed by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

BASIS OF VALUATION

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council, prevailing as at the date of valuation.

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

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised property interests have been categorised according firstly to type of interests held by the Company and then country where they are located, which in turn being classified into the below group:

- Group I – Property interests owned and occupied by the Group in the PRC
- Group II – Property interests owned and held by the Group for future development in the PRC

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as “continued uses”).

Due to the specific nature and uses of the buildings and structures of the property interests in Group I that were designated and constructed and the particular location in which they are situated, there are unlikely relevant market comparable sales readily available. The property interests have therefore been valued on the basis of depreciated replacement cost.

We would define “depreciated replacement cost” to be our opinion of the market value of the land for its existing use and an estimate of the new replacement costs of the buildings, structures and other site works, including fees and finance charges, from which deductions are then made to allow for the age, condition and obsolescences. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on comparable sales. However, it is subject to adequate potential profitability of the business having due regard to the value of the total assets employed and the nature of the operation and also the assumption of continued uses.

We have valued the property interests in Group II by using direct comparison approach assuming sale of the property interests in its existing state and with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

TITLE INVESTIGATION

We have been provided by the Group with copy of extract of the title documents relating to the property interests. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any amendments which may not appear on the copies handed to us. Due to the current registration system of the PRC under which the registration information is not accessible to the public, no investigation has been made for the title of the property interests in the PRC and the material encumbrances that might be attached.

In the course of our valuation, we have relied considerably on the legal opinion given by Company's PRC legal adviser – 北京市天元律師事務所 (Tian Yuan Law Firm), concerning the validity of title of the properties in the PRC.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the properties being appraised. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the properties are free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the properties taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. Unless otherwise stated, we have assumed that utility services as deemed be necessary, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the properties. We are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the properties.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the properties but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the properties or on adjoining or neighbouring land or that the properties had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have not investigated any industrial safety, environmental and health related regulations in association with the existing and/or planned manufacturing process. It is assumed that all necessary licences, procedures and measures were implemented in accordance with the Government legislation and guidance.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by you or your legal or other professional advisers on such matters as title, statutory notices, planning approval, zoning, easements, completion date of building, development proposal, identification of property, particulars of occupancy, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them.

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

VALUATION ASSUMPTIONS

For the properties which are held under long term land use rights, we have assumed that transferable land use rights in respect of the property interests at nominal land use fees has been granted and that any premium payable has already been fully settled. Unless stated as otherwise, we have assumed that the respective title owner of the properties have an enforceable title of the property interests and have free and uninterrupted rights to occupy, use, sell, lease, charge, mortgage or otherwise dispose of the properties without the need of seeking further approval from and paying additional premium to the Government for the unexpired land use term as granted. Unless noted in the report, vacant possession is assumed for the property concerned.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

We have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have not undertaken a survey to determine whether the mechanical and electrical systems within the properties (or the building(s) or development(s) in which they are located) will be adversely affected on or after the year 2000 and as such have assumed that the properties and those systems are or will be unaffected.

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

We have further assumed that the properties were not let, transferred or involved in any contentious or non-contentious dispute as at the date of valuation. We have also assumed that there was not any material change of the properties in between dates of our inspection and the date of valuation.

LIMITING CONDITIONS

Where the property is located in a relatively under-developed market, such as the PRC, those assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While the valuer has exercised his professional judgement in arriving at the value, investors/report readers are urged to consider carefully the nature of such assumptions that are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all amounts are denominated in Renminbi (RMB). Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
GA Valuation Limited
Sr K L Yuen *MRICS MHKIS*
Registered Professional Surveyor
(General Practice)
General Manager – Real Estate

Note: Mr. K L Yuen is a Chartered Valuation Surveyor and a Registered Professional Surveyor (General Practice), who has more than 15 years' experience in the valuation of properties in the PRC, Hong Kong and the South East Asia. Mr. K L Yuen is also a valuer on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES

Group I : Property interests owned and occupied by the Group in the PRC

| Property | | Capital value in existing state as at 31 May 2013 | Interest attributable to the Group | Capital value in existing state attributable to the Group as at 31 May 2013 <i>RMB</i> |
|-----------------|---|--|---|---|
| 1. | 4 parcels of land, various buildings and structures located on the south of X243 County Road, near its junction with X226 County Road, Jin Shan Industrial Estate, Hengfeng Town, Yongxiu County, Jiujiang Shi, Jiangxi Province, the PRC | 127,600,000 | 100% | 127,600,000 |
| 2. | 2 parcels of land, various buildings and structures located on the north of Rong Qi Boulevard, near its junction with Chang Jiu Expressway, Yun Shan Industrial Estate, Yongxiu County, Jiujiang Shi, Jiangxi Province, the PRC | 120,200,000 | 100% | 120,200,000 |
| Sub-total: | | <u>247,800,000</u> | Sub-total: | <u>247,800,000</u> |

Group II : Property interests owned and held by the Group for future development in the PRC

| Property | Capital value in existing state as at 31 May 2013 | Interest attributable to the Group | Capital value in existing state attributable to the Group as at 31 May 2013 <i>RMB</i> |
|---|---|---|---|
| 3. 2 parcels of land located on the east of Yun Shan Boulevard, near its junction with Rong Qi Boulevard, Yun Shan Industrial Estate, Yongxiu County, Jiujiang Shi, Jiangxi Province, the PRC | 12,770,000 | 100% | 12,770,000 |
| | <hr/> | | <hr/> |
| Sub-total: | <hr/> 12,770,000 | Sub-total: | <hr/> 12,770,000 |
| Grand-total: | <hr/> <hr/> 260,570,000 | Grand-total: | <hr/> <hr/> 260,570,000 |

VALUATION CERTIFICATE

Group I : Property interests owned and occupied by the Group in the PRC

| Property | Description and tenure | Particular of occupancy | Capital value in existing state as at 31 May 2013 RMB |
|--|--|--|---|
| 1. 4 parcels of land, various buildings and structures located on the south of X243 County Road, near its junction with X226 County Road, Jin Shan Industrial Estate, Hengfeng Town, Yongxiu County, Jiujiang Shi, Jiangxi Province, the PRC | <p>The property comprises 4 pieces of industrial land of various sizes and has an approximate total site area of 137,847.88 square metres (1,483,794.58 sq.ft.). It had been erected with an industrial compound which was completed by phases during the years 2004 to 2012.</p> <p>The industrial compound primarily consists of 1 block of 3-storey Office Building, 2 blocks of 3-storey Dormitory Building, 1 block of 2-storey Factory Building, 6 blocks of single storey Factory Building, 5 blocks of single storey Godown, 1 block of 2-storey Canteen Complex, 4 blocks of single storey Guard House, 3 blocks of single storey Electricity Supply Room, 4 blocks of single storey Toilet, 2 Sewage Treatment Plants, a Water Pool, a Water Tank, 4 Chimneys, 3 single storey Gas Supply Stations, a 2-storey Police Station, an anti-rain shed, 2 temporary sheds for motorcycle parking, open car parking spaces and fencing walls.</p> <p>In accordance with the 33 building ownership certificates in question, the property extends to a total registered gross floor area of approximately 46,195.10 square metres (497,244.06 sq.ft.).</p> <p>Pursuant to the 4 state-owned land use rights certificates in question dated 6 February 2010, 26 August 2010, 26 August 2010 and 26 August 2010 respectively, the term of land use rights of substantial portion of the property is till 1 February 2060 whilst the remaining portions are till 15 August 2060.</p> <p>The permitted user of the land is industrial.</p> | <p>We have been informed that save and except portions of the land were vacant and partly levelled and partly unlevelled, the property was occupied by the Group primarily for manufacturing of crystallised stone, godown, canteen, dormitory and ancillary office purposes, as at the date of valuation.</p> | <p>127,600,000 (See also Note 12 below)</p> <p>(100% interest attributable to the Group: 127,600,000)</p> |

Notes:

Ownership of the property

1. We have been advised by the Company's PRC legal adviser that Jiujiang Golden Phoenix Decorate Material Co., Ltd was the only legitimate holder of the property, as at the date of valuation.

Interests held by the Company in the property

2. The land use rights of the property is held under 4 state-owned land use rights certificates issued by 永修縣人民政府 (Yongxiu County Municipal Government) to Jiujiang Golden Phoenix Decorate Material Co., Ltd.

According to 永國用(2010)字第065號 (State-owned Land Use Rights Certificate No. 065 of 2010) dated 6 February 2010, substantial portion of land of the property having a site area of 107,345.70 square metres is held by Jiujiang Golden Phoenix Decorate Material Co., Ltd subject to, inter alia, the following terms:

- | | | | |
|-----|-----------------|---|--------------------------|
| (a) | Use of the Land | : | Industrial |
| (b) | Land Area | : | 107,345.70 square metres |
| (c) | Term | : | till 1 February 2060 |

According to 永國用(2010)字第00119號、00120號及00121號 (State-owned Land Use Rights Certificate Nos. 00119, 00120 & 00121 of 2010) all dated 26 August 2010, the remaining 3 portions of land of the property having a total site area of 30,502.18 square metres is held by Jiujiang Golden Phoenix Decorate Material Co., Ltd subject to, inter alia, the following terms:

- | | | | |
|-----|-----------------|---|-------------------------|
| (a) | Use of the Land | : | Industrial |
| (b) | Total Land Area | : | 30,502.18 square metres |
| (c) | Term | : | till 15 August 2060 |

3. The building title of the property is held under 33 building ownership certificates issued by 永修縣人民政府 (Yongxiu County Municipal Government) to Jiujiang Golden Phoenix Decorate Material Co., Ltd bearing 永房權證私字第 0023201 號至 0023211 號、0023526 號至 0023533 號、0024557 號、0025261 號、030248 號、030249 號、031098 號至 031100 號、031145 號至 031150 號及 031821 號 (Building Ownership Certificate Nos. 0023201 to 0023211, 0023526 to 0023533, 0024557, 0025261, 030248, 030249, 031098 to 031100, 031145 to 031150 and 031821). Details are summarised as follows:

| No. | Building Ownership Certificate No. | Name of Building of the Property | No. of Storey | Designated Use | Gross Floor Area (square metres) |
|---------------|------------------------------------|---|---------------|-------------------------|-------------------------------------|
| 1 | 0023201 | 3-storey Dormitory Building 1 | 3 | Office | 781.63 |
| 2 | 0023202 | 2-storey Factory Building | 2 | Factory | 2,416.44 |
| 3 | 0023203 | Single storey Godown 1 | 1 | Godown | 369.42 |
| 4 | 0023204 | Single storey Factory Building 1 | 1 | Factory | 431.34 |
| 5 | 0023205 | Single storey Factory Building 2 | 1 | Factory | 1,696.09 |
| 6 | 0023206 | Single storey Godown 2 | 1 | Godown | 773.28 |
| 7 | 0023207 | 3-storey Dormitory Building 2 | 3 | Dormitory | 694.95 |
| 8 | 0023208 | Single storey Electricity Supply Room 1 | 1 | Electricity Supply Room | 110.16 |
| 9 | 0023209 | 2-storey Canteen Complex | 2 | Canteen | 800.35 |
| 10 | 0023210 | Single storey Guard House 1 | 1 | Guard House | 21.43 |
| 11 | 0023211 | Single storey Toilet 1 | 1 | Toilet | 81.47 |
| 12 | 0023526 | Single storey Guard House 2 | 1 | Guard House | 20.78 |
| 13 | 0023527 | Single storey Guard House 3 | 1 | Guard House | 106.66 |
| 14 | 0023528 | Single storey Godown 3 | 1 | Godown | 942.78 |
| 15 | 0023529 | Single storey Godown 4 | 1 | Godown | 1,023.24 |
| 16 | 0023530 | Single storey Godown 5 | 1 | Godown | 837.93 |
| 17 | 0023531 | Single storey Factory Building 3 | 1 | Factory | 5,815.10 |
| 18 | 0023532 | Single storey Factory Building 4 | 1 | Factory | 4,119.92 |
| 19 | 0023533 | Single storey Factory Building 5 | 1 | Factory | 6,803.66 |
| 20 | 0024557 | 3-storey Office Building 1 | 3 | Office | 2,193.16 |
| 21 | 0025261 | Single storey Factory Building 6 | 1 | Factory | 14,739.75 |
| 22 | 030248 | Sewage Treatment Control Building 1 | 2 | Factory | 298.68 |
| 23 | 030249 | Sewage Treatment Control Building 2 | 2 | Factory | 298.68 |
| 24 | 031098 | Single storey Electricity Supply Room 2 | 1 | Factory | 195.00 |
| 25 | 031099 | Single storey Guard House 4 | 1 | Factory | 56.62 |
| 26 | 031100 | Single storey Electricity Supply Room 3 | 1 | Factory | 75.92 |
| 27 | 031145 | Single storey Gas Supply Station 1 | 1 | Office | 54.00 |
| 28 | 031146 | Single storey Gas Supply Station 2 | 1 | Office | 20.79 |
| 29 | 031147 | Single storey Toilet 2 | 1 | Factory | 7.80 |
| 30 | 031148 | Single storey Toilet 3 | 1 | Toilet | 37.20 |
| 31 | 031149 | Single storey Toilet 4 | 1 | Factory | 34.96 |
| 32 | 031150 | Single storey Gas Supply Station 3 | 1 | Factory | 7.80 |
| 33 | 031821 | 2-storey Police Station | 2 | Residential | 328.11 |
| Total: | | | | | 46,195.10 |

4. The legal title of the property is held by Jiujiang Golden Phoenix Decorate Material Co., Ltd which is an indirect wholly-owned subsidiary of the Company.

Material encumbrances

5. We have been advised by the Company's PRC legal adviser that the property was subject to the following material encumbrances, as at the date of valuation:
- (i) A parcel of land of the property bearing 永國用(2010)字第065號 (State-owned Land Use Rights Certificate No. 065 of 2010) together with the 21 buildings erected thereon and bearing 永房權證私字第0023201號至0023211號、0023526號至0023533號、0024557號及0025261號 (Building Ownership Certificate Nos. 0023201 to 0023211, 0023526 to 0023533, 0024557 & 0025261) had been pledged to 上海浦東發展銀行南昌分行 (Shanghai Pudong Development Bank (Nanchang Branch)) under Real Estate Maximum Amount Pledging Contract Nos. ZD640820110000006-7 & ZD640820110000006 and Certificate of Land Encumbrance Rights Nos. 002 & 003 of 2012. The pledging period is commencing from 10 January 2013 to 30 December 2013. The amount of pledging loan is RMB55.9514 million.
 - (ii) The single storey Factory Building 6 bearing 永房權證私字第0025261號 (Building Ownership Certificate No. 0025261) together with the portion of land where it is erected thereon had been pledged to 中國農業銀行永修支行 (Agricultural Bank of China (Yongxiu Sub-branch)) under Pledging Contract Nos. 36100220110018117, 36100220110019848 & 36100220110020186 and Certificate of Building Encumbrance Rights No. 05283. The pledging period is commencing from 24 May 2011 to 8 July 2016. The maximum amount of pledging loan is RMB20 million.
 - (iii) The 6 buildings bearing 永房權證私字第0023201號、0023204號、0023209號、0024557號、030248號及030249號 (Building Ownership Certificate Nos. 0023201, 0023204, 0023209, 0024557, 030248 & 030249) together with the portions of land where they are erected thereon had been pledged to 中國農業銀行永修支行 (Agricultural Bank of China (Yongxiu Sub-branch)) under Maximum Amount Pledging Contract No. 36100620130000459 and Certificate of Building Encumbrance Rights No. 08303. The pledging period is commencing from 10 January 2013 to 9 January 2015. The maximum amount of pledging loan is RMB40 million.
 - (iv) The remaining 3 parcels of land of the property bearing 永國用(2010)字第00119號、00120號及00121號 (State-owned Land Use Rights Certificate Nos. 00119, 00120 & 00121 of 2010) had been pledged to 九江銀行永修支行 (Bank of Jiujiang (Yongxiu Sub-branch)) under Maximum Amount Pledging Contract No. 793020120417004 and Certificate of Land Encumbrance Rights No. 020 of 2012. The pledging period is commencing from 18 April 2012 to 18 April 2015. The amount of pledging loan is RMB4 million.
 - (v) Save and except as mentioned in (i), (ii), (iii) & (iv) above, the land use rights and building title of the property did not subject to any assignment, lease, mortgage, compulsory acquisition, compulsory auction, third party interests, litigation, dispute or other adverse material matters.

PRC legal opinion

6. We have been provided with a legal opinion regarding the legality of title of the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:
- (i) Jiujiang Golden Phoenix Decorate Material Co., Ltd holds a good, legal and valid title to the land use rights of the 4 parcels of land of the property and the building title of the 33 buildings (as mentioned in Note 3 above), which can be freely used, transferred, leased, mortgaged or treated in any other ways by Jiujiang Golden Phoenix Decorate Material Co., Ltd during the residual term of the land use rights in question in accordance with the relevant PRC laws and the conditions of the respective pledging contracts.

- (ii) The completion date as stated in the land use rights contract of 2 parcels of land bearing 永國用(2010)字第 00119號及00121號 (State-owned Land Use Rights Certificate Nos. 00119 & 00121 of 2010) had been extended to not later than 31 December 2015. Hence, Jiujiang Golden Phoenix Decorate Material Co., Ltd does not breach the completion requirement.

Land use zoning of the property

7. In accordance with the subject 4 state-owned land use rights certificates dated 6 February 2010, 26 August 2010, 26 August 2010 and 26 August 2010 respectively, the permitted user of the property is industrial.

Status of major document relating to legality of the Company and property

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

| | |
|--|--|
| Documents relating to Company's legality: | Obtained |
| Business Licence | Yes |
| Documents relating to property title: | |
| State-owned Land Use Rights Certificate | Yes |
| Building Ownership Certificate | Yes |
| | (in respect of the buildings as mentioned in Note 3 above) |

Inspection of the property

9. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 27 & 28 June 2012.
10. We have inspected the exterior and, where possible, the accessible portions of the interior of the property. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services, but in the course of our inspection, we did not note any serious defects. We are, therefore, not able to report whether the property is free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the property taking into account the general appearance, the apparent standard and age of fixtures and fittings. In the course of our valuation, we have assumed that the property is structural sound, free from defects or as to the possibility of latent defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are also free from defect.

Date and cost of original acquisition

11. We have been informed that the Group has acquired the 3 parcels of land of the property bearing 永國用(2010)字第 00119號、00120號及00121號 (State-owned Land Use Rights Certificate Nos. 00119, 00120 & 00121 of 2010) via the 3 land use rights contracts in question on 5 May 2010 for total costs of RMB 7,099,443.

Remarks for valuation

12. We have attributed no commercial value to the 3 single storey Gas Supply Stations, 3 of the 4 blocks single storey Toilet and the 2-storey Police Station (excluding the portions of land where they were erected thereon) for the reasons as informed by the Group that they had not yet obtained proper construction / development consent or title certificate as at the date of valuation.

| Property | Description and tenure | Particular of occupancy | Capital value in existing state as at 31 May 2013 RMB |
|--|--|---|---|
| 2. 2 parcels of land, various buildings and structures located on the north of Rong Qi Boulevard, near its junction with Chang Jiu Expressway, Yun Shan Industrial Estate, Yongxiu County, Jiujiang Shi, Jiangxi Province, the PRC | <p>The property comprises 2 pieces of adjoined land of various sizes and has an approximate total site area of 81,999.99 square metres (882,647.89 sq.ft.). It had been erected with an industrial compound which was mainly completed in mid of 2012.</p> <p>The industrial compound primarily consists of 1 block of 3-storey Office Building, 2 blocks of single storey Factory Building, 1 block of 5-storey Dormitory Building, 1 block of single storey Electricity Supply Room, 1 block of 2-storey Repair and Maintenance Building, 2 blocks of single storey Guard House, 2 blocks of single storey Toilet, 1 Sewage Treatment Plant, 1 block of single storey Production Control Room, open car parking spaces and fencing walls.</p> <p>In accordance with the 12 building ownership certificates in question, the property extends to a total registered gross floor area of approximately 39,702.87 square metres (427,361.69 sq.ft.).</p> <p>Pursuant to the 2 state-owned land use rights certificates in question both dated 19 October 2012, the term of land use rights of the property is till 30 November 2059.</p> <p>The permitted user of the land is industrial.</p> | <p>We have been informed that save and except portion of land was levelled vacant site, the property was occupied by the Group for manufacturing of crystallised stone, godown, canteen, dormitory and ancillary office purposes as at the date of valuation.</p> | <p>120,200,000 (See also Note 12 below) (100% interest attributable to the Group: 120,200,000)</p> |

Notes:

Ownership of the property

1. We have been advised by the Company's PRC legal adviser that 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) was the only legitimate holder of the property, as at the date of valuation.

Interests held by the Company in the property

2. The land use rights of the property is held under 2 state-owned land use rights certificates issued by 永修縣人民政府 (Yongxiu County Municipal Government) to 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.).

According to 永國用(2012)字第00121號 (State-owned Land Use Rights Certificate No. 00121 of 2012) dated 19 October 2012, portion of land of the property having a site area of 24,226.66 square metres is held by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) via assignment grant and subject to, inter alia, the following terms:

- | | | | |
|-----|-----------------|---|-------------------------|
| (a) | Use of the Land | : | Industrial |
| (b) | Land Area | : | 24,226.66 square metres |
| (c) | Term | : | till 30 November 2059 |

According to 永國用(2012)字第00122號 (State-owned Land Use Rights Certificate No. 00122 of 2012) dated 19 October 2012, the remaining portion of land of the property having a site area of 57,773.33 square metres is held by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) via assignment grant and subject to, inter alia, the following terms:

- | | | | |
|-----|-----------------|---|-------------------------|
| (a) | Use of the Land | : | Industrial |
| (b) | Land Area | : | 57,773.33 square metres |
| (c) | Term | : | till 30 November 2059 |

3. The building title of the property is held under 12 building ownership certificates issued by 永修縣人民政府 (Yongxiu County Municipal Government) to 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) bearing 永房權證私字第029949號、029950號、0029991號至0029995號、031096號、031097號、031101號、031819號及031820號 (Building Ownership Certificate Nos. 029949, 029950, 0029991 to 0029995, 031096, 031097, 031101, 031819 and 031820). Details are summarised as follows:

| No. | Building Ownership Certificate No. | Name of Building of the Property | No. of Storey | Designated Use | Gross Floor Area (square metres) |
|---------------|--|---|------------------|----------------------------|---|
| | | | | | |
| 1 | 029949 | 2-storey Repair and Maintenance Building | 2 | Factory | 1,791.72 |
| 2 | 029950 | Single storey Guard House 1 | 1 | Guard House | 77.16 |
| 3 | 0029991 | 5-storey Dormitory Building | 5 | Dormitory | 4,467.60 |
| 4 | 0029992 | Single storey Factory Building 1 | 1 | Factory | 13,470.60 |
| 5 | 0029993 | Single storey Electricity Supply Room | 1 | Electricity Supply Room | 608.00 |
| 6 | 0029994 | 3-storey Office Building | 3 | Office | 2,123.99 |
| 7 | 0029995 | Single storey Factory Building 2 | 1 | Factory | 16,608.00 |
| 8 | 031096 | 2-storey Sewage Treatment Control Building | 2 | Factory | 272.35 |
| 9 | 031097 | Single storey Production Control Room | 1 | Factory | 118.80 |
| 10 | 031101 | Single storey Guard House 2 | 1 | Factory | 28.73 |
| 11 | 031819 | Single storey Toilet 1 | 1 | Toilet | 78.12 |
| 12 | 031820 | Single storey Toilet 2 | 1 | Toilet | 57.80 |
| Total: | | | | | <u>39,702.87</u> |

4. The legal title of the property is held by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) which is an indirect wholly-owned subsidiary of the Company.

Material encumbrances

5. We have been advised by the Company's PRC legal adviser that the property was subject to the following material encumbrances, as at the date of valuation:
- The 2 parcels of land of the property bearing 永國用(2012)字第00121及00122號 (State-owned and Use Rights Certificate Nos. 00121 & 00122 of 2012) together with the single storey Factory Buildings 1 & 2, the 5-storey Dormitory Building, the 3-storey Office Building and the single storey Electricity Supply Room erected thereon and bearing 永房權證私字第0029991號至0029995號 (Building Ownership Certificate Nos. 0029991 to 0029995) had been pledged to 中國農業銀行永修支行 (Agricultural Bank of China (Yongxiu Sub-branch)) under Pledging Contract No. 36100220110026172 and Certificate of Land Encumbrance Rights No. 0030 of 2011. The pledging period is commencing from 5 August 2011 to 19 August 2017. The amount of pledging loan is RMB22 million.
 - The single storey Factory Buildings 1, the 5-storey Dormitory Building, the 3-storey Office Building and the single storey Electricity Supply Room bearing 永房權證私字第0029991號至0029994號 (Building Ownership Certificate Nos. 0029991 to 0029994) together with the portions of land where they are erected thereon had been pledged to 九江銀行永修支行 (Bank of Jiujiang (Yongxiu Sub-branch)) under Maximum Amount Pledging Contract No. 793020120417002 and Certificate of Building Encumbrance Rights No. 06784. The pledging period is commencing from 18 April 2012 to 18 April 2015. The maximum amount of pledging loan is RMB29.50 million.

- (iii) Save and except as mentioned in (i) & (ii) above, the land use rights and building title of the property did not subject to any assignment, lease, mortgage, compulsory acquisition, compulsory auction, third party interests, litigation, dispute or other adverse material matters.

PRC legal opinion

6. We have been provided with a legal opinion regarding the legality of title of the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:
- (i) 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) holds a good, legal and valid title to the land use rights of the 2 parcels of land of the property and the building title of the 12 buildings (as mentioned in Note 3 above), which can be freely used, transferred, leased, mortgaged or treated in any other ways by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) during the residual term of the land use rights in question in accordance with the relevant PRC laws and the conditions of the respective pledging contracts.
- (ii) The completion date as stated in the 2 land use rights contracts in question had been extended to not later than 31 December 2015. Hence, 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) does not breach the completion requirement.

Land use zoning of the property

7. In accordance with the subject 2 state-owned land use rights certificates both dated 19 October 2012, the permitted user of the property is industrial.

Status of major document relating to legality of the Company and property

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

| | |
|--|--|
| Documents relating to Company's legality: | Obtained |
| Business Licence | Yes |
| Documents relating to property title: | |
| State-owned Land Use Rights Certificate | Yes |
| Building Ownership Certificate | Yes |
| | (in respect of the buildings as mentioned in Note 3 above) |

Inspection of the property

9. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 28 June 2012.
10. We have inspected the exterior and, where possible, the accessible portions of the interior of the property. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services, but in the course of our inspection, we did not note any serious defects. We are, therefore, not able to report whether the property is free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the property taking into account the general appearance, the apparent standard and age of fixtures and fittings. In the course of our valuation, we have assumed that the property is structural sound, free from defects or as to the possibility of latent defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are also free from defect.

Date and cost of original acquisition

11. We have been informed that the Group has acquired the 2 parcels of land of the property bearing 永國用(2012)字第00121及00122號(State-owned and Use Rights Certificate Nos. 00121 & 00122 of 2012) via the 2 land use rights contracts in question on 30 November 2009 for total costs of RMB19,085,662.

Remarks for valuation

12. We have attributed no commercial value to the 2 blocks of single storey Toilet of the property (excluding the portions of land where they were erected thereon) for the reasons as informed by the Group that they had not yet obtained proper construction/development consent or title certificate as at the date of valuation.

Group II : Property interests owned and held by the Group for future development in the PRC

| Property | Description and tenure | Particular of occupancy | Capital value in existing state as at 31 May 2013 RMB |
|---|---|--|--|
| 3. 2 parcels of land located on the east of Yun Shan Boulevard, near its junction with Rong Qi Boulevard, Yun Shan Industrial Estate, Yongxiu County, Jiujiang Shi, Jiangxi Province, the PRC | <p>The property comprises 2 pieces of adjoined land of various sizes and has an approximate total site area of 61,565.78 square metres (662,694.06 sq.ft.).</p> <p>We have been advised by the Group that the property has been reserved for the Phase 2 extension of its industrial compound in Yun Shan Industrial Estate.</p> <p>Pursuant to the 2 State-owned Land Use Rights Certificates in question both dated 19 October 2012, the term of land use rights of the property is till 20 August 2061.</p> <p>The permitted user of the land is industrial.</p> | We have been informed that the property was vacant and levelled land, as at the date of valuation. | 12,770,000 <i>(100% interest attributable to the Group: 12,770,000)</i> |

Notes:

Ownership of the property

- We have been advised by the Company's PRC legal adviser that 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) was the only legitimate holder of the property, as at the date of valuation.

Interests held by the Company in the property

- The land use rights of the property is held under 2 state-owned land use rights certificates issued by 永修縣人民政府 (Yongxiu County Municipal Government) to 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.).

According to 永國用(2012)字第00119號 (State-owned Land Use Rights Certificate No. 00119 of 2012) dated 19 October 2012, portion of land of the property having a site area of 33,566.06 square metres is held by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) via assignment grant and subject to, inter alia, the following terms:

- | | | | |
|-----|-----------------|---|-------------------------|
| (a) | Use of the Land | : | Industrial |
| (b) | Land Area | : | 33,566.06 square metres |
| (c) | Term | : | till 20 August 2061 |

According to 永國用(2012)字第00120號 (State-owned Land Use Rights Certificate No. 00120 of 2012) dated 19 October 2012, the remaining portion of land of the property having a site area of 27,999.72 square metres is held by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) via assignment grant and subject to, inter alia, the following terms:

- | | | | |
|-----|-----------------|---|-------------------------|
| (a) | Use of the Land | : | Industrial |
| (b) | Land Area | : | 27,999.72 square metres |
| (c) | Term | : | till 20 August 2061 |

3. The legal title of the property is held by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) which is an indirect wholly-owned subsidiary of the Company.

Material encumbrances

4. We have been advised by the Company's PRC legal adviser that the property was subject to the following material encumbrances, as at the date of valuation:
- (i) A parcel of land of the property bearing 永國用(2012)字第00119號 (State-owned Land Use Rights Certificate No. 00119 of 2012) had been pledged to 九江銀行永修支行 (Bank of Jiujiang (Yongxiu Sub-branch)) under Maximum Amount Pledging Contract No. 793020120417003 and Certificate of Land Encumbrance Rights No. 019 of 2012. The pledging period is commencing from 18 April 2012 to 18 April 2015. The maximum amount of pledging loan is RMB 6.5 million.
 - (ii) Save and except as mentioned in (i) above, the land use rights of the property did not subject to any assignment, lease, mortgage, compulsory acquisition, compulsory auction, third party interests, litigation, dispute or other adverse material matters which will be resulted in adverse repossession of land use rights of the property.

Development parameters of the property

5. Pursuant to 國有建設用地土地使用權出讓合同編號201112-2 (State-owned Land Use Rights Grant Contract No. 201112-2) made between 永修縣國土資源局 (Yongxiu County Land Resources Bureau) and Jiujiang Golden Phoenix Decorate Material Co., Ltd on 27 July 2011, the property is subject to, inter alia, the following planning and design requirements:-
- | | | | |
|-----|-------------------------------------|---|-------------------------|
| (a) | Use of the Land | : | industrial |
| (b) | Land Area | : | 61,565.78 square metres |
| (c) | Term | : | 50 years |
| (d) | Maximum Gross Floor Area | : | 49,255 square metres |
| (e) | Plot Ratio | : | not less than 0.8 |
| (f) | Site Coverage | : | not less than 35% |
| (g) | Landscape Ratio | : | not greater than 20% |
| (h) | Office and Service Facilities Ratio | : | not greater than 7% |

6. Pursuant to a letter issued by 永修縣國土資源局 (Yongxiu County Land Resources Bureau) jointly to Jiujiang Golden Phoenix Decorate Material Co., Ltd and 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) on 5 December 2012, 永修縣國土資源局 (Yongxiu County Land Resources Bureau) had agreed the transfer of the rights and duties as per 國有建設用地土地使用權出讓合同編號201112-2 (State-owned Land Use Rights Grant Contract No. 201112-2) to 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.).

Land use zoning of the property

7. In accordance with the subject 2 state-owned land use rights certificates both dated 19 October 2012, the permitted user of the property is industrial.

Title and grant of major approvals of the property

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

| | |
|--|-----------------|
| Documents relating to Company's legality: | Obtained |
| Business Licence | Yes |
| Documents relating to property title: | |
| State-owned Land Use Rights Grant Contract | Yes |
| State-owned Land Use Rights Certificate | Yes |

PRC legal opinion

9. We have been provided with a legal opinion regarding the legality of title of the property issued by the Company's PRC legal adviser, which contains, inter alia, the followings:
- (i) 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) holds a good, legal and valid title to the land use rights of the property, which can be freely used, transferred, leased, mortgaged or treated in any other ways by 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) during the residual term of the land use rights in question in accordance with the relevant PRC laws and the conditions of the respective pledging contracts.
 - (ii) The completion date as stated in the land use rights contract in question had been extended to not later than 31 December 2015. Hence, 江西金鳳凰納米微晶有限公司 (Jiangxi Golden Phoenix Nanocrystalised Stone Co., Ltd.) does not breach the completion requirement as a result of deferred development on the property.

Inspection of the property

10. The property was last inspected by Sr K L Yuen, *MRICS MHKIS RPS(GP)* on 28 June 2012.
11. We have inspected the property. However, we have not been commissioned to carry out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

Date and cost of original acquisition

12. We have been informed that the Group has acquired the property via the land use rights contract in question on 27 July 2011 for total costs of RMB 14,329,558.