

*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, in connection with its valuation as at September 30, 2013 of the property interests of the Phoenix Healthcare Group Co. Ltd.*



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Licence No: C-030171

November 18, 2013

The Board of Directors  
Phoenix Healthcare Group Co. Ltd  
Suites 1214-1215  
Two Pacific Place  
88 Queensway  
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interest held by Phoenix Healthcare Group Co. Ltd (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") which 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 September 30, 2013 (the "valuation date").

Our valuation was carried out on a market value basis. Market value is defined 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 and where the parties had each acted knowledgeably, prudently and without compulsion".

Where, due to the nature of the buildings and structures of the property in the PRC, there are no market sales comparables readily available, the buildings and structures 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 deduction 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.

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 interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, 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 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 title documents including a State-owned Land Use Rights Certificate and a Building Ownership Certificate (BOC) relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Commerce & Finance Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property 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 property. 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 property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out in the period from June 24, 2013 to June 28, 2013 by Stephanie Sun, who has obtained the Master of Property (First Class Honors) and Master of Business Administration degrees from The University of Auckland. Stephanie is a member of the Property Institute of New Zealand with 6 years' experience in the property valuation sector in both Asia Pacific and 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.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is 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 19 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

## VALUATION CERTIFICATE

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

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2013
A parcel of land, 25 buildings, and various structures located at No. 6 Rufuli Road Xicheng District Beijing The PRC	The property comprises a parcel of land with a site area of approximately 18,998.76 sq.m., 25 buildings and various structures erected thereon which were completed in various stages between 1980 and 2013.	The property is currently occupied by the Group for hospital purpose.	RMB 244,666,000
	The buildings have a total gross floor area of approximately 30,150.26 sq.m.		80% interest attributable to the Company: RMB195,733,000
	The aforementioned buildings include a medical consulting building, an office/medical examination center, and various ancillary buildings.		
	The structures mainly include roads and garden fencing.		
	The land use rights of a parcel of land of the property have been granted for a term expiring on August 24, 2060 for medical and charity uses.		

## Notes:

1. Beijing Jian Gong Hospital Co., Ltd. ("Jian Gong Hospital") (北京市健宮醫院有限公司) is 80% interest owned by the Company.
2. Pursuant to a State-owned Land Use Rights Certificate — Jing Xi Guo Yong (2011 Chu) Di No. 10045, the land use rights of a parcel of land with a site area of approximately 18,998.76 sq.m. have been granted to Jian Gong Hospital for a term of 50 years expiring on August 24, 2060 for medical and charity uses.
3. Pursuant to a Building Ownership Certificate — X Jing Fang Quan Zheng Xi Zi Di No. 072091, 16 buildings with a total gross floor area of approximately 21,434.2 sq.m. are owned by Jian Gong Hospital. According to the information provided by the Group, the actual total gross floor area of the aforementioned 16 buildings has been changed from 21,434.2 sq.m. to 28,190.92 sq.m. after completion of the renovation and building extension works (6,756.72 sq.m.) that have been carried out in 5 buildings.
4. For the remaining 9 buildings with a total gross floor area of approximately 1,959.34 sq.m., we have not been provided with proper title documents.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Jian Gong Hospital has obtained the legal title certificates of the land and the buildings mentioned in notes 2 and 3 (excluding the part of building extension), and has the rights to occupy, use, transfer, lease, or otherwise dispose of it in accordance with the prescribed use term stated in the title certificates;
  - b. for the part of building extension mentioned in note 3 and the 9 buildings without title documents mentioned in note 4, Jian Gong Hospital may be subject to a penalty for having commenced construction of the building prior to obtaining the necessary construction permits, and for using the building without the necessary inspection and approval from the local authorities upon completion in accordance with the relevant PRC laws, rules and regulations. There is no material legal impediment for Jian Gong Hospital to obtain the construction permits and the title certificates after the planning and construction conditions imposed by relevant governmental authorities are satisfied and relevant inspection and approval procedures are completed; and
  - c. If the hospital's medical buildings and land are used for medical purpose, then with or without ownership certificates, they are not permitted to be used as collateral for borrowings due to the requirements under the applicable PRC laws, rules and regulations. Accordingly, Jian Gong Hospital has no rights to mortgage the land and buildings mentioned in notes 2, 3, and 4.
6. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the part of building extension mentioned in note 3 and the 9 buildings mentioned in note 4 which are without title documents. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding the land element) as at the valuation date would be RMB21,591,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
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

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| (a) General description of location of the property  | : | The subject property (known as Beijing Jian Gong Hospital) is located at the northern side of Rufuli Road, which connects Tao Ranting Street. The property is close to Cai Shikou Road which is one of the main roads of the city. A range of transportation facilities are available near the property, such as the Subway Line 4 and Beijing South Railway Station. Besides, the Tao Ranting Park is located nearby within easy walking distance. |
| (b) Details of encumbrances, liens, pledges, mortgages against the property                  | : | Nil   |
| (c) Environmental Issue  | : | No environmental impact assessment has been carried out.  |
| (d) Details of investigations, notices, pending litigation, breaches of law or title defects | : | The Group has not obtained title certificates to the part of building extension (6,756.72 sq.m.) and the 9 buildings (1,959.34 sq.m.) with a total gross floor area of approximately 8,716.06 sq.m.. Please refer to notes 3 and 4 for details of buildings with title defects. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser. Please refer to note 5 for detail.                   |
| (e) Future plans for construction, renovation, improvement or development of the property    | : | As advised by the Company, there is no plan for new major development in the next 12 months from the date of this document.   |