

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of Chongqing Caribbean Water Park contracted to be acquired by the Group as at 31 December 2013.



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

28 February 2014

The Directors  
Haichang Holdings Limited  
the People's Republic of China

Dear Sirs,

#### **Instructions, Purpose and Date of Valuation**

In accordance with your instructions for us to value certain properties which Haichang Holdings Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") have contracted to acquire in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 December 2013.

#### **Definition of Market Value**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) issued by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability 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".

#### **Valuation Basis and Assumption**

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuations exclude any 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.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties 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 outgoing of an onerous nature which could affect their values.

### **Method of Valuation**

In valuing the property in Group I which is completed property contracted to be acquired by the Group and held for investment in the PRC, we have used the Investment Approach by capitalizing the passing rent derived from the existing tenancies with due provision for reversionary income potential. Such method is commonly used in valuing similar types of properties of similar nature.

In valuing the properties in Groups II and III which are completed property contracted to be acquired by the Group and held for sale in the PRC, and property contracted to be acquired and held by the Group for future development in the PRC respectively, we have used the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market. Such method is commonly used in valuing similar types of properties of similar nature.

### **Source of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group. We have been provided by the Group with extracts of documents in relation to the titles to the properties. In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal advisor, Jun He Law Offices (君合律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, development schemes, completion date of buildings, number of units, particulars of occupancy, site and floor areas, construction costs, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

**Title investigation**

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and its legal advisor regarding the Group's interests in the PRC properties.

**Site Inspection**

Our valuer, Xie Fei of our Chongqing office, senior manager, inspected the exterior and, wherever possible, the interior of the properties in February 2014. However, no structural survey has been made, but in the course of our valuation, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

**Currency**

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**

**Andrew K.F. Chan**  
Registered Professional Surveyor (General Practice)  
Registered China Real Estate Appraiser  
MSc, MHKIS, MRICS  
*Senior Director, Valuation & Advisory Services*

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Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 26 years' of experience in the valuation of properties in the PRC.

## SUMMARY OF VALUATIONS

**Group I – Completed property contracted to be acquired by the Group and held for investment in the PRC**

Property	Market value in existing state as at 31 December 2013 (RMB)	Attributable interest to the Group (%)	Market value in existing state as at 31 December 2013 attributable to the Group (RMB)
1. The portion for investment of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	182,000,000	100	182,000,000
<b>Sub-total of Group I :</b>	<b>182,000,000</b>		<b>182,000,000</b>

**Group II – Completed property contracted to be acquired by the Group and held for sale in the PRC**

Property	Market value in existing state as at 31 December 2013 (RMB)	Attributable interest to the Group (%)	Market value in existing state as at 31 December 2013 attributable to the Group (RMB)
2. The portion for sale of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	153,000,000	100	153,000,000
<b>Sub-total of Group II :</b>	<b>153,000,000</b>		<b>153,000,000</b>

**Group III – Property contracted to be acquired and held by the Group for future development in the PRC**

Property	Market value in existing state as at 31 December 2013 (RMB)	Attributable interest to the Group (%)	Market value in existing state as at 31 December 2013 attributable to the Group (RMB)
3. The undeveloped portion of Phase 2 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	109,000,000	100	109,000,000
<b>Sub-total of Group IV :</b>	<b>109,000,000</b>		<b>109,000,000</b>
<b>Grand-total of Groups I to IV :</b>	<b>444,000,000</b>		<b>444,000,000</b>

## VALUATION CERTIFICATE

## Group I – Completed property contracted to be acquired by the Group and held for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
1. The portion for investment of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	<p>The property comprises 7 low-rise retail buildings within Phase 1 of Haichang Caribbean. The property was completed in phases between 2009 and 2011.</p> <p>As a part of Chongqing Caribbean Water Park, the property is situated in Nan'an Scenic Spot. The environment is good. The business types mainly consist of F&amp;B and entertainment.</p> <p>This commercial portion of the property has a total gross floor area of approximately 24,436.90 sq m.</p> <p>The land use rights of Phase 1 of Chongqing Caribbean Water Park have been granted for terms due to expire on 22 August 2056 for residential use and due to expire on 22 August 2046 for commercial use.</p>	As at the date of valuation, about 21% of the property was subject to various tenancies for terms of 5 to 10 years with the latest expiry in 30 April 2019 at a total current monthly rent of approximately RMB139,000.	RMB182,000,000  (100% interest attributable to the Group: RMB182,000,000)

## Notes:

- (1) Pursuant to Real Estate Title Certificates dated 27 November 2013 issued by 重慶市國土資源和房產管理局 (Chongqing State-owned Land Resources and Housing Bureau), the building ownership of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park with gross floor areas of approximately 24,436.90 sq m and a site area of approximately 12,467 sq m have been vested in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).

**APPENDIX IVB****PROPERTY VALUATION REPORT OF  
CHONGQING HAICHANG CARIBBEAN**

The details of the Real Estate Title Certificates of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park are as follows:

<u>Certificate No.</u>	<u>Location</u>	<u>Building Use</u>	<u>Gross floor area</u> (sq m)
03850336	Levels 1-3, G4, fu No.3, No. 37 Chongwen road, Nan'an District	Others	3,645.97
03850337	Levels 1-2, G5, fu No.4, No. 37 Chongwen road, Nan'an District	Others	629.31
03850338	Levels 1-3, G6, fu No. 5, No. 37 Chongwen road, Nan'an District	Others	3,487.02
03850339	Levels B1-2, G7, fu No. 6, No. 37 Chongwen road, Nan'an District	Others	3,778.71
03850340	Levels 1-2, G8, fu No. 7, No. 37 Chongwen road, Nan'an District	Others	579.23
03850341	Levels 1-2, G9, fu No. 8, No. 37 Chongwen road, Nan'an District	Others	2,298.17
03850342	Levels 1-3, G10, fu No. 9, No. 37 Chongwen road, Nan'an District	Others	10,018.49
<b>Total</b>			<b>24,436.90</b>

- (2) According to the copy of Business Licence No. 500108000095618 1-1-1, 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 January 2012.
- (3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:
- |                                |     |
|--------------------------------|-----|
| Real Estate Title Certificates | Yes |
| Business Licence               | Yes |
- (5) In undertaking our valuation of the property, we have made reference to lettings of relevant comparable rental evidences ranging from RMB105 per sq m to RMB130 per sq m for level 1 retail premises. The property comprising retail blocks of multiple storeys is situated in a developing area and the retail atmosphere is yet to be established. The monthly market rent adopted in our valuation is approximately RMB45 per sq m which is generally consistent with the comparables after due adjustments including locality, accessibility, maintenance standard, size and other relevant factors.

The capitalization rate adopted in our valuation is 6.5% which is in line with the market norm of similar property types in the area.

## VALUATION CERTIFICATE

## Group II – Completed property contracted to be acquired by the Group and held for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
2. The portion for sale of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	<p>The property comprises 3 low-rise retail buildings within Phase 1 of Chongqing Caribbean Water Park. The property was completed in phases between 2009 and 2011.</p> <p>As a part of Chongqing Caribbean Water Park, the property is situated in Nan'an Scenic Spot. The environment is good. The business types mainly consist of F&amp;B and entertainment.</p> <p>This portion of the property has a total gross floor area of approximately 21,753.86 sq m.</p> <p>The land use rights of Phase 1 of Chongqing Caribbean Water Park have been granted for terms due to expire on 22 August 2056 for residential use and due to expire on 22 August 2046 for commercial use.</p>	As at the date of valuation, the property was vacant.	RMB153,000,000  (100% interest attributable to the Group: RMB153,000,000)

## Notes:

- (1) Pursuant to Real Estate Title Certificates dated 27 November 2013 and 29 November 2013 issued by 重慶市國土資源和房產管理局 (Chongqing State-owned Land Resources and Housing Bureau), the building ownership of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park with gross floor areas of approximately 21,390.63 sq m and a site area of approximately 11,985 sq m have been vested in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).



**APPENDIX IVB****PROPERTY VALUATION REPORT OF  
CHONGQING HAICHANG CARIBBEAN**

The details of the Real Estate Title Certificates of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park are as follows:

<b>Certificate No.</b>	<b>Location</b>	<b>Building Use</b>	<b>Gross floor area (sq m)</b>
03850335	Levels 1-2, G1, fu No.1, No. 37 Chongwen road, Nan'an District	Others	2,548.77
03850348	Levels 1-4, G2, No. 37 Chongwen road, Nan'an District	Others	13,298.15
03850384	Levels 1-3, G6, fu No. 5, No. 37 Chongwen road, Nan'an District	Others	5,543.71
<b>Total</b>			<b>21,390.63</b>

(2) According to the copy of Business Licence No. 500108000095618 1-1-1, 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 January 2012.

(3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificates	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

## Group III – Property contracted to be acquired and held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
3. The undeveloped portion of Phase 2 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	<p>The property is a vacant land within Phase 2 of Chongqing Caribbean Water Park.</p> <p>As a part of Chongqing Caribbean Water Park, the property is situated in Nan'an Scenic Spot. The environment is good. The business types mainly consist of F&amp;B and entertainment.</p> <p>The property has a site area of approximately 97,327 sq m. The approximate planned gross floor area is 54,094.80 sq m comprising 44,336.73 sq m above ground and 9,758.07 sq m.</p> <p>The land use rights of Phase 2 of Chongqing Caribbean Water Park have been granted for a term due to expire on 22 August 2046 for commercial use.</p>	As at the date of valuation, the site was a vacant land pending for development.	RMB109,000,000  (100% interest attributable to the Group: RMB109,000,000)

## Notes:

- (1) Pursuant to Real Estate Title Certificate No. 106D(2013)00600 issued by 重慶市國土資源和房產管理局 (Chongqing State-owned Land Resources and Housing Bureau), the land use rights of the property of Phase 2 of Chongqing Caribbean Water Park with a site area of 97,327 sq m have been vested in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).
- (2) Pursuant to Grant Contract of Land Use Rights No. (2013) 005 dated 28 October 2013, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 97,327 sq m have been transferred to 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).

- (3) According to the information provided by the Company, the total gross floor area of Phase II of Haichang Caribbean is 54,236 sq m, the details are set out below:

<u>Use</u>	<u>Developable Gross Floor Area</u> (sq m)
Commercial	34,755.35
Apartment	9,581.38
Car-park and ancillary	9,758.07
<b>Total:</b>	<b>54,094.80</b>

- (4) According to the copy of Business Licence No. 500108000095618 1-1-1, 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 January 2012.

- (5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
- (ii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

- (6) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes
Grant Contract of Land Use Rights	Yes
Business Licence	Yes