
APPENDIX IV

PROPERTY VALUATION

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document, received from American Appraisal China Limited, an independent valuer, in connection with its valuation as at not more than 3 months before the date of the document 2009 of our property interests.

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Leading / Thinking / Performing



[●] 2009

The Board of Directors
Comtec Solar Systems Group Limited

Dear Sirs,

In accordance with your instructions to value the property interests of Comtec Solar Systems Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection for 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 value of such property interests as at 31 July 2009 (the “valuation date”).

This letter that forms part of our valuation report, explains the basis and methodology of valuation and clarifies our assumptions made on the ownership to the property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of 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”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The value of a property is also estimated without regard to costs of sales and purchase, and without offset for any associated taxes.

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VALUATION METHODOLOGY

For the property interests in Group I, which are held and occupied by the Group in the PRC, our valuation has been based on the depreciated replacement cost of the buildings and structures (referred to as the “buildings”) which is defined as the gross replacement cost of the buildings, from which appropriate deductions may then be made to allow for age, condition, economic/external and functional obsolescence and environmental factors etc. All of these might result in the existing buildings being worth less to the undertaking in occupation than would a new replacement. For the land portion, we have made reference to the similar transaction in the locality and the published standard land price from the local authorities.

For the property interests in Group II, which are rented or borrowed by the Group in the PRC, they are considered having no commercial value either because of their non-assignability in the market or because there are prohibitions against subletting and/or assignment contained in the respective leases and/or tenancy agreements or the lack of substantial profit rent.

ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the property interests on the market without the benefit of any deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of such property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

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

We have assumed that all consents, approvals and licenses from relevant government authorities for the buildings and structures erected or to be erected on the sites have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the sites are held by the owners or permitted to be occupied by the owners.

We have valued property on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the site are held by the owners or permitted to be occupied by the owner.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate. Further, it is assumed that the utilisation of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate.

Other special assumptions and qualifications for each property, if any, have been stated in the footnotes of the valuation certificate for the respective property.

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TITLE INVESTIGATION

We have been provided with extracts of documents in relation to the title of the property interests situated in the PRC. However, we have not scrutinised the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group and the opinion (“PRC legal opinion”) provided by the PRC legal adviser, Commerce & Finance Law Offices.

All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificates.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, occupancy, construction cost, site and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificate are based on information contained in the documents provided to us and are only approximations.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificate. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of ground conditions and services for the proposed development, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the RICS Valuation Standards (6th Edition March 2009) published by the Royal Institution of Chartered Surveyors and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained herein is incomplete and subject to change and it must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

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

We enclose herewith the summary of values and the valuation certificates.

Yours faithfully,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED
Eric M. H. Poon
MRICS, MHKIS
Assistant Vice President

Note: Mr. Eric Poon, who is a Chartered Valuation Surveyor, has over 9 years experience in valuation of properties in Hong Kong and the PRC

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SUMMARY OF VALUATION**Group I — Property interests held and occupied by the Group in the PRC**

No. Property	Capital value in existing state as at 31 July 2009 (RMB)
1. An Industrial Complex located at 21/4 Qiu, 5 Jie Fang, Xuanqiao Town, Nanhui District, Shanghai, the PRC 中國上海南匯區宣橋鎮 5街坊21/4丘之綜合廠房	35,300,000
2. 22/3 Qiu, 5 Jie Fang, Xuanqiao Town, Nanhui District, Shanghai, the PRC 中國上海南匯區宣橋鎮5街坊22/3丘	80,133,000
Sub-total:	115,433,000

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Group II — Property interests rented or borrowed by the Group in the PRC

No. Property	Capital value in existing state as at 31 July 2009 (RMB)
3. An Industrial Complex located in Ximen Zhineng Court, Huinan Town, Nanhui District, Shanghai, the PRC 中國上海南匯區惠南鎮西門 智能苑之綜合廠房	No commercial value
4. Two office units located at No. 568 Fenglin Avenue, Nanchang Economy and Technological Development District, Nanchang City, Jiangxi Province, the PRC 中國江西省南昌市南昌經濟技術 開發區楓林大道568號之兩間辦公室	No commercial value
Sub-total:	Nil
Grand Total:	<u>115,433,000</u>

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VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 July 2009 (RMB)
1.	An Industrial Complex located at 21/4 Qiu, 5 Jie Fang, Xuanqiao Town, Nanhui District, Shanghai, the PRC 中國上海南匯區宣橋鎮5街坊21/4丘之綜合廠房	The subject property comprises an industrial complex erected on a parcel of land with a site area of about 12,564 square meters. The industrial complex consists of a 3-storey workshop building, a 2-storey warehouse building and ancillary facilities completed in about 2007. The total gross floor area of the buildings is 13,312.26 square meters. Summary of the buildings is as follows:	The property is occupied by the Group for industrial use.	35,300,000
			Gross Floor Area (sq.m.)	
		Usage		
		Workshop	9,628.70	
		Warehouse	<u>3,683.56</u>	
		Total:	<u>13,312.26</u>	
		The land use rights of the property are held by Shanghai Comtec Solar Technology Co., Ltd. (上海卡姆丹克太陽能科技有限公司) for a term of 50 years expiring on 9 October 2056.		

Notes:

- Pursuant to the Project Cooperation Agreement (項目合作協議書) entered into between Shanghai Nanhui Industrial Park District Management Committee (上海南匯工業園區管理委員會) and Shanghai Comtec Solar Technology Co., Ltd. (上海卡姆丹克太陽能科技有限公司) (“Comtec Solar”) on 10 August 2005, the property with a site area of about 13,334 sq.m. has been transferred to the latter at a consideration of RMB260,000 per mu, inclusive of land use rights transfer premium, demolition and relocation costs and other basic infrastructure development costs for “Qi Tong Yi Ping” (七通一平).
- Pursuant to the Shanghai City State-owned Land Use Rights Grant Contract (上海市國有土地使用權出讓合同), Hu Fang Di Nan Hui (2006) Chu Rang He Tong No. 164 (滬房地南匯(2006)出讓合同第164號), entered into between Shanghai City Nanhui District Housing and Land Resources Administration Bureau (上海市南匯區房屋土地管理局) and Comtec Solar on 10 October 2006, the land use rights of the property with a site area of 12,586 sq.m. have been granted to the latter for a term of 50 years for industrial use at a consideration of RMB660,765.
- Pursuant to the Shanghai Certificate of Real Estate Ownership (上海市房地產權証), Hu Fang Di Nan Zi (2008) No. 004738 (滬房地南字(2008)第004738號), issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) dated 14 March 2008, the land use rights and building ownership rights of the property with a site area of 12,564 square meters and a total gross floor area of 13,312.26 square meters were granted to Comtec Solar for a term of 50 years expiring on 9 October 2056 for industrial use.

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4. The PRC legal opinion states, inter alia, that:
 - a. Comtec Solar is entitled to freely transfer, lease, mortgage and otherwise to deal with the land use rights and building ownership rights of the property.
 - b. The property is not encumbered with mortgages, permissions and others encumbrances or other third parties’ rights, conditions, orders, rules or other limitations. The legal adviser has not discovered there will be or would be any significant adverse effects on the value or ownership, usage, transfer and / or dispose or otherwise to deal with the land use rights and building ownership rights of the property.
 - c. Comtec Solar has obtained the proper title of the land use rights and building ownership rights of the property by obtaining all permissions, permits and agreements successfully as well as carrying out proper registration and recording procedures legally. Comtec Solar has fully settled all land premium stated under the relevant land grant contract or the requirement of relevant authority.
 - d. The PRC legal adviser has not discovered any issues violating the PRC law regarding the use of the property by Comtec Solar.

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No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 July 2009 (RMB)
2.	22/3 Qiu, 5 Jie Fang, Xuanqiao Town, Nanhui District, Shanghai, the PRC 中國上海南匯區宣橋 鎮5街坊22/3丘	The subject property comprises a parcel of industrial land with a site area of approximately 27,952 square meters. The land use rights of the property is granted for a term of 50 years expiring on 10 August 2058.	The property is under construction.	80,133,000

Notes:

- Pursuant to a Shanghai City State-owned Land Use Rights Grant Contract (上海市國有土地使用權出讓合同), Hu Fang Di Nan Hui (2008) Chu Rang He Tong No. 29 (滬房地南匯(2008)出讓合同第29號), entered into between Shanghai City Nanhui District Housing and Land Resources Administration Bureau (上海市南匯區房屋土地管理局) and Shanghai Comtec Solar Technology Co., Ltd. (上海卡姆丹克太陽能科技有限公司) (“Comtec Solar”) on 11 August 2008, the land use rights of the property with a site area of 27,952 sq.m. have been granted to the latter for a term of 50 years for industrial use at a consideration of RMB10,730,000.
- Pursuant to the Shanghai Certificate of Real Estate Ownership (上海市房地產權証), Hu Fang Di Nan Zi (2008) No. 027315 (滬房地南字(2008)第027315號), issued by Shanghai Housing and Land Resources Administrative Bureau (上海市房屋土地資源管理局), dated 16 October 2008, the land use rights of the property with a site area of 27,952 sq.m. is held by Comtec Solar, for a term of 50 years expiring on 10 August 2058 for industrial use.
- Pursuant to a Construction Land Permit (建設用地批准書), Nan Hui Qu Shi (Xian) [2008] Nan Fu Tu Shu Zi No. 062 (南匯區市(縣)[2008]南府土書字第062號), issued by the People’s Government of Nanhui District, Shanghai (上海市南匯區人民政府) dated 17 September 2008, the property with a site area of 27,952 square meters is permitted for industrial use.
- Pursuant to the Construction Land Planning Permit (建設用地規劃許可証), Hu Nan Di (2008) 19081107E01382 (滬南地(2008)19081107E01382), issued by Shanghai Nanhui District Planning Administration Bureau (上海市南匯區規劃管理局) dated 7 November 2008, the property with site area of 27,952 square meters and development scale of 27,521 square meters have been approved for construction.
- Pursuant to a Construction Works Planning Permit (建設工程規劃許可証), Hu Nan Jian (2008) 19080927F02394 (滬南建(2008) 19080927F02394), issued by Shanghai Nanhui District Planning Administration Bureau (上海市南匯區規劃管理局) dated 27 September 2008, the construction works of 26,488.4 square meters has been approved.
- Pursuant to the Construction Works Commencement Permit (建築工程施工許可証), 0802NH0107D01310119200807151001, issued by Shanghai Nanhui District Construction Committee (上海市南匯區建設委員會), dated 28 October 2008, the commencement of the construction works of the property was permitted. The proposed development comprises convention center, factory, power station, pump room, security guardroom and other ancillary facilities with total construction floor area of about 26,488 square meters.
- As confirmed by the Company, the estimated total construction cost of the property is about RMB75,000,000 and the total construction cost of the property incurred as at the date of valuation was about RMB69,468,000 (including a deposit paid of about RMB29,356,000). As advised by the Company, the construction works of the property is expected to be completed at the end of 2009.

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8. Pursuant to the Mortgage Agreement (抵押合同), No. 31902200900002642, entered into between Comtec Solar and Shanghai Nanhui Branch of the Agriculture Bank of China (中國農業銀行上海市南匯支行) dated 30 March 2009 and the Certificate of Registration of Real Estate of Shanghai City (上海市房地產登記證明) No. Nan200915005333, issued by Shanghai City Nanhui District Registrar of Real Estate (上海市南匯區房地產登記處), Comtec Solar has mortgaged the construction in progress (“CIP”) works of this property to Shanghai Nanhui Branch of the Agriculture Bank of China for a period from 30 March 2009 to 25 March 2010.
9. The PRC legal opinion states, inter alias, that:
 - a. The application of the relevant permits of the aforesaid construction works have been made. After completion of the construction works has been inspected and accepted by the relevant government authorities, there will no legal impediment for the Comtec Solar to obtain the Building Ownership Rights Certificate.
 - b. Comtec Solar is entitled to freely transfer, lease, mortgage and otherwise to deal with the land use rights of the property.
 - c. Except for the mortgage disclosed herein, the property is not encumbered with other mortgages, permissions and others encumbrances or other third parties’ rights, conditions, orders, rules or other limitations. The legal adviser has not discovered there will be or would be any significant adverse effects on the value or ownership, usage, transfer and / or dispose or otherwise to deal with the land use rights and building ownership rights of the property.
 - d. The CIP works of the property has been mortgaged to Shanghai Nanhui Branch of the Agriculture Bank of China (中國農業銀行上海市南匯支行). Comtec Solar has registered this mortgage according to the local laws and this mortgage is legal and valid.

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Group II — Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 July 2009 (RMB)
3.	An Industrial Complex located in Ximen Zhineng Court, Huinan Town, Nanhui District, Shanghai, the PRC 中國上海南匯區惠南鎮西門智能苑之綜合廠房	The industrial complex comprises workshop, office building, canteen and guardroom with a total gross floor area of approximately 4,180 square meters completed in about 2000s. The property is rented by Shanghai Comtec Semiconductor Co., Ltd. (上海卡姆丹克半導體有限公司) (“Comtec Semi”) from Shanghai Nanhui District Huinan Town Ximen Village (上海南匯區惠南鎮西門村) for a term of 20 years commencing from 1 February 2003 to 31 January 2023 at a current annual rent of RMB430,000, which is subject to renew after 5 years from 1 February 2013.	The property is occupied by the Group for industrial purpose.	No commercial value

Note:

- Pursuant to an Industrial Building Lease Contract (工業廠房租賃合同) entered into between Shanghai Nanhui District Huinan Town Ximen Village (上海南匯區惠南鎮西門村) (“lessor” or “Ximen Village”) and Comtec Semi (“lessee”), dated 23 November 2002, the property has been rented by the latter party for a term of 20 years commencing from 1 February 2003 to 31 January 2023 at a current annual rent of RMB430,000, which is subject to rent review starting on 1 February 2013, for production and operation activities stated in the relevant Business Licence.
- Pursuant to the Approval for Lease of Vacant Industrial Building by Ximen Villager Committee (關於同意西門村民委員會出租閑置廠房的批覆), Hui Fu (2002) No. 99 (惠府(2002)99號) issued by People’s Government of Shanghai City Nanhui District Huinan Town (上海市南匯區惠南鎮人民政府) dated 30 December 2002, the said People’s Government agreed that Ximen Villager Committee to lease the vacant industrial building, originally known as Xiwote Electric Appliances Factory (西沃特電器廠) to Comtec Semi.
- Pursuant to the Shanghai Certificate of Real Estate Ownership (上海市房地產權証), Hu Fang Di Nan Zi (2004) No. 011711(滬房地南字(2004)第011711號), issued by Shanghai Housing and Land Resources Administrative Bureau (上海市房屋土地資源管理局) dated 30 August 2004, the land use rights of the property have been allocated to Shanghai Xiwote Industry Company (上海西沃特實業公司) (“Shanghai Xiwote”) for industrial use.
- Shanghai City Nanhui District Huinan Ximen Villagers Committee (上海市南匯區惠南西門村民委員會) (“Ximen Villagers Committee”) and Shanghai Xiwote have duly executed a Confirmation Letter on the Industrial Building Leased by Comtec Semi (關於上卡姆丹克半導體有限公司租賃相關廠事宜的確認書) dated 21 February 2008, the validity of the said Industrial Building Lease Contract is confirmed and recognized by Shanghai Xiwote.
- As advised by the Company, Shanghai Xiwote is an independent third party of the Group and its connected persons.

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6. The PRC legal opinion states, inter alia, that:
 - a. As confirmed by the Company, Comtec Semi has conformed the lease conditions including proper usage of the property as agreed, settlement of rents and other relative fees during the lease term.
 - b. As confirmed by Ximen Villagers Committee and Shanghai Xiwote, the buildings of the property were not subject to any mortgages and the rent receivable for the land portion of the property has been paid to the relevant land authority.
 - c. Ximen Village was the legal owner of the property as of the date of signing the lease contract as mentioned above. The lease contract entered into between the lessor and lessee as mentioned above is legal, valid and enforceable; According to the PRC law, any changes of the ownership of the property during the lease term, will not affect the legal validity of the respective lease contract. Also, Ximen Village has obtained the authorization from Shanghai Xiwote to continue the lease contract. Therefore, the change of building ownership rights of the property will not affect the legal validity of the said lease contract.
 - d. The said lease contract of the property has not been registered, but it will not affect the legal validity of this contract.
 - e. According to “The explanation on certain questions relating to the application of laws regarding the judgment of the disputes arising from urban property leasing contract issued by the Supreme People’s Court of the PRC” (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋) effective on 1 September 2009, on the condition that the lease agreement is legally valid, a lessee who legally occupied a leased property has the priority over a lessee who has completed the lease registration procedure but not yet occupied the said property to exercise the relevant lease agreement. In consequence, the right of Comte Solar to occupy and use the property under the said Lease Contract can be defended against third party.
7. According to page 160 of the “Business — Leased Properties” part of the document, the Directors have made their best endeavours to request the landlords to register the said lease contract, however, the property has not been registered by the lessors with the relevant PRC governmental authority.

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No.	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 July 2009 (RMB)
4.	Two office units located at No. 568 Fenglin Avenue, Nanchang Economy and Technological Development District, Nanchang City, Jiangxi Province, the PRC 中國江西省南昌市南昌經濟技術開發區楓林大道568號之兩間辦公室	The property comprises two office units with a total gross floor area of approximately 50 square meters. The property is borrowed by Jiangxi Comtec Solar Technology Co. Ltd. (江西卡姆丹克太陽能科技有限公司) (“Jiangxi Comtec Solar”) from Investment Promotion Bureau of Nanchang Economy and Technological Development Zone (南昌經濟技術開發區招商局), for a term of 2 years commencing from 1 June 2008 to 31 May 2010. Jiangxi Comtec can occupy and use the property freely with the responsibility to pay for all the costs derived from the property such as electricity and water fee.	The property is occupied by the Group for office purpose.	No commercial value

Note:

1. Pursuant to a Borrow Contract of Office Space (辦公場所借用合同) entered into between Investment Promotion Bureau of Nanchang Economy and Technological Development Zone (南昌經濟技術開發區招商局) (“Investment Promotion Bureau”) and Jiangxi Comtec Solar in 2008, the property has been borrowed by the latter party for a term of 2 years commencing from 1 June 2008 to 31 May 2010 for office use. Jiangxi Comtec Solar can occupy and use the property freely with the responsibility to pay for all the costs derived from the property such as electricity and water fee.
2. The PRC legal opinion states, inter alia, that:
 - a. As the Investment Promotion Bureau has not provided the Building Ownership Rights Certificate to the PRC legal adviser, the title of the property as well as the rights of leasing the property cannot be verified. In case the Investment Promotion Bureau has no legal building ownership rights of the property, there will be uncertainty for Jiangxi Comtec Solar to use the property.