

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 the properties of our Group as at 31 July 2010.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

3 September 2010

The Board of Directors
China Sanjiang Fine Chemicals Company Limited

Dear Sirs,

INSTRUCTIONS, PURPOSE AND DATE OF VALUATION

In accordance with your instructions for us to value the properties held by China Sanjiang Fine Chemicals Company Limited (referred to as “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 inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of the properties as at 31 July 2010 (the “date of valuation”).

DEFINITION OF MARKET VALUE

Our valuation of each of the properties represents the market value which in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as “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”.

VALUATION BASIS AND ASSUMPTION

Our valuation of each of the properties excludes 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. Unless otherwise stated, in the course of our valuation of the properties held and occupied by the Group in the PRC, we have assumed that transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have assumed that the grantees or the users of the properties have free and uninterrupted rights to use or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor 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 any onerous nature which could affect their values.

METHOD OF VALUATION

In valuing the properties in Group I, which are held by the Group for owner-occupation in the PRC, we have adopted the Depreciated Replacement Costs (“DRC”) approach. Due to the specific nature and use of the buildings and structures, we have valued the property by reference to the DRC. DRC is based on an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at our opinion of value of the land, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market. The value is subject to service potential of the entity from the use of assets as a whole.

Property in Group II which is leased to the Group in the PRC has no commercial value mainly due to the prohibitions against assignment and subletting or otherwise to the lack of substantial profit rents.

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 on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

SOURCE OF INFORMATION

However, we have not searched the original documents to ascertain ownership or to verify any amendments. We have been provided with extracts of documents in relation to the title to the properties in the PRC. We have relied upon information given to us by the Group and we have also relied on its PRC legal adviser, Allbright Law Offices (“the PRC legal opinion”), in respect of the Group’s interest in the properties in the PRC.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and the Group’s PRC legal adviser and have accepted advice given to us on such matters as planning approvals, statutory notices, tenure, identification of properties, completion dates of buildings, construction costs, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or other structural defects. No test was carried out on any of the services.

CURRENCY

Unless otherwise stated, all money amounts stated in our valuations are in Renminbi (“RMB”), the official currency of the PRC.

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

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor (GP)
China Real Estate Appraiser
M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. K. B. Wong is a Registered Professional Surveyor who has over 25 years’ of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31 July 2010	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 31 July 2010
Group I – Properties held by the Group for owner-occupation in the PRC			
1. Industrial complex at the western side of Pinghai Road, Jiaxing Port Economic Development Zone, Jiaxing, Zhejiang Province The PRC	RMB74,600,000	100%	RMB74,600,000
2. Industrial complex (adjacent to property no.1) at the western side of Pinghai Road, Jiaxing Port Economic Development Zone, Jiaxing, Zhejiang Province The PRC	RMB68,000,000	100%	RMB68,000,000
3. Various residential units of Zhongxing Garden Zhapu Town, Jiaxing Port Economic Development Zone, Jiaxing, Zhejiang Province The PRC	RMB10,100,000	100%	RMB10,100,000
Sub-total:	<u>RMB152,700,000</u>		<u>RMB152,700,000</u>

Property	Capital value in existing state as at 31 July 2010	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 31 July 2010
Group II – Property leased to the Group in the PRC			
4. An industrial complex at Shanmozhi Village Xinjie Town, Xiaoshan District, Hangzhou, Zhejiang Province The PRC	No commercial value	–	No commercial value
Grand-total:	<u>RMB 152,700,000</u>		<u>RMB 152,700,000</u>

VALUATION CERTIFICATE

Group I – Properties held by the Group for owner-occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010
1. Industrial complex at the western side of Pinghai Road, Jiaxing Port Economic Development Zone, Jiaxing, Zhejiang Province The PRC	<p>The property comprises an industrial complex erected upon 2 parcels of land with a site area of approximately 170,200.80 sq m. (see note (1) below)</p> <p>The industrial complex comprises 8 buildings with a total gross floor area of approximately 12,321.59 sq m completed in the period between 2005 and 2009. (see note (2) below)</p> <p>The industrial complex also comprises 2 workshops with a total gross floor area of 1,872.40 sq m, which were under construction at the date of valuation and the building ownership certificates have not been obtained, and 4 temporary buildings with a total gross floor area of 580 sq m. (see notes (3) and (4) below)</p> <p>The land use rights of the property have been granted for various terms. (see note (1) below)</p>	The property is currently occupied by the Group for production purposes.	RMB74,600,000

Notes:–

- (1) According to the 2 Certificates for the Use of State-owned Land Use Rights issued by Jiaxing Land Resources Bureau Port Area Branch, the land use rights of the property comprising a total site area of 170,200.80 sq m have been granted to Sanjiang Chemical Co., Ltd.* (三江化工有限公司) (an indirect wholly-owned subsidiary of the Company) for industrial and warehouse use and for industrial use respectively with the details as follows:

Certificate No.	Land Use Rights Term	Site Area (sq m)
(2010)21-22	due to expire on 19 June 2055	49,890.80
(2009)21-21	due to expire on 9 June 2054	120,310.00
	Total:	<u>170,200.80</u>

- (2) According to 8 Building Ownership Certificates Nos. 00085501, 00085502, 00085503, 00085504, 00107110, 00107111, 00107112 and 00124920 issued by Pinghu Planning and Construction Bureau, the building ownership of the property with a total gross floor area of 12,321.59 sq m, is vested in Sanjiang Chemical Co., Ltd.* for non-residential use.

- (3) Building ownership certificates of two buildings of the property with a total gross floor area of 1,872.40 sq m have not been obtained. In the course of our valuation, we have assigned no commercial value to such buildings. Had the Group obtained all the building ownership certificates, the capital value of the buildings in its existing state as at 31 July 2010 assuming that the land premium has been fully settled, would be RMB2,300,000.
- (4) Building ownership certificate of 4 temporary buildings with a total gross floor area of 580 sq m has not been obtained. In the course of our valuation, we have assigned no commercial value to such buildings.
- (5) According to Planning Permit for Construction Works No. (2007) Zhe Gui Zheng 0451037 issued by Jiaying Port Economic Development Zone Municipal Planning Bureau on 13 June 2007, the construction works of the property was in compliance with the requirement of urban planning and was permitted to be developed with a total gross floor area of 1,050 sq m.
- (6) According to Planning Permit for Construction Works No. (2007) Zhe Gui Zheng 0451036 issued by Jiaying Port Economic Development Zone Municipal Planning Bureau on 8 September 2006, the construction works of the property was in compliance with the requirement of urban planning and was permitted to be developed with a total gross floor area of 822.4 sq m.
- (7) According to the Permit for Commencement of Construction Works No. 330422200710220105 issued by the Jiaying Port Economic Development Zone Construction Bureau on 22 October 2007 the construction works for 2 workshops were permitted to be commenced with a gross floor area of 1,050.00 sq m.
- (8) According to the Permit for Commencement of Construction Works No. 330422200705110105 issued by the Jiaying Port Economic Development Zone Construction Bureau on 11 May 2007 the construction works for 2 workshops were permitted to be commenced with a gross floor area of 822.40 sq m.
- (9) According to the Business Licence No. 330400400006549 dated 12 April 2010, Sanjiang Chemical Co., Ltd.* was established with a registered capital of US\$22,225,000 for a valid operation period from 9 December 2003 to 8 December 2053.
- (10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
 - (i) The buildings with building ownership certificate No. 00085502 and No.00107111 owned by Sanjiang Chemical Co., Ltd.*, have been built on a parcel of land occupied by Jiaying Yongming Petrochemical Co., Ltd.* (嘉興永明石化有限公司) (an indirect wholly-owned subsidiary of the Company). Jiaying Yongming Petrochemical Co., Ltd.* has agreed in writing of the aforesaid matter. No penalties will be imposed on the Group due to the aforesaid discrepancies under PRC law;
 - (ii) Two buildings of the property with a total gross floor area of approximately 1,872.4 sq m have been constructed by Sanjiang Chemical Co., Ltd* on a parcel of land occupied by Yongming Petrochemical Co., Ltd*. Jiaying Yongming Petrochemical Co., Ltd* has applied for the building ownership certificates of such buildings;
 - (iii) Sanjiang Chemical Co., Ltd has obtained the land use rights and building ownership of the property;
 - (iv) The land premium has been paid in full;
 - (v) A lot with certificates for the use of state-owned land use rights no. (2010)21-22 is subject to a mortgage in favour of to China Construction Bank Zhapu Branch;
 - (vi) Except the portion which is subject to a mortgage, Sanjiang Chemical Co., Ltd has the right to freely transfer, lease, mortgage and dispose of the land portion of the property and the building portion of the property with building ownership certificate nos. 00085501, 00085503, 00085504, 00107110, 00107112 and 00124920. For the portion of the property which is subject to a mortgage, Sanjiang Chemical Co., Ltd has the right to freely transfer, lease, mortgage and dispose of such portion of the property with prior approval from the mortgagee.
 - (vii) Planning permit for construction works and permit for commencement of construction works for the 2 buildings with a total gross floor area of 1,872.40 sq m have been obtained.

- (11) The status of the title and the grant of major approvals and licences that is in accordance with the PRC legal opinion issued by the PRC legal adviser and information provided by the Group are as follows:-

Certificate for the Use of State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes (part)
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010
2. Industrial complex (adjacent to property no.1) at the western side of Pinghai Road, Jiaxing Port Economic Development Zone, Jiaxing, Zhejiang Province The PRC	<p>The property comprises an industrial complex erected upon 2 parcels of land with a site area of approximately 186,454 sq m. (see note (1) below)</p> <p>The industrial complex comprises 1 building with a total gross floor area of approximately 10,102.79 sq m completed in 2009. (see note (2) below)</p> <p>The industrial complex also comprises a workshop with a total gross floor area of 2,907 sq m, which was under construction at the date of valuation and the building ownership certificate, has not been obtained and a temporary building with a total gross floor area of 20 sq m. (see notes (3) and (4) below)</p> <p>The land use rights of the property have been granted for various terms. (see note (1) below)</p>	<p>A portion of the property is currently leased to Jiaxing City Sanjiang Chemical Trading Co., Ltd* (嘉興市三江化工貿易有限公司), an indirect wholly-owned subsidiary of the Company, from 30 October 2009 to 29 October 2010 at a semiannual rental of RMB20,000.</p> <p>A portion of the property is currently leased to Jiaxing Port Area Industrial Guanlang Co., Ltd.* (嘉興市港區工業管廊有限公司), an indirect subsidiary of the Company in which hold 83.85% shareholding interest with the remaining 16.15% shareholding interest held by Jiaxing City Zhapu Construction and Investment Co., Ltd.* (嘉興市乍浦建設投資有限公司), for a term of 15 years from 23 August 2005 to 22 August 2020 at an annual rental of RMB150,000.</p> <p>Moreover, a portion of the property is currently leased to Sanjiang Honam Chemical Co., Ltd.* (三江湖石化有限公司), a sino-foreign joint venture company jointly controlled by Sanjiang Chemical Co., Ltd.* (三江化工有限公司) and Honam Petrochemical Corp. which is an independent third party, for a term of 3 years from 23 June 2010 to 22 June 2011 at an annual rental of RMB30,000.</p> <p>The remaining portion of the property is currently occupied by the Group for production purposes.</p>	RMB68,000,000

Notes:–

- (1) According to the 2 Certificates for the Use of State-owned Land Use Rights issued by Jiaxing Land Resources Bureau Port Area Branch, the land use rights of the property comprising a total site area of 186,454.00 sq m have been granted to Jiaxing Yongming Petrochemical Co., Ltd.* (嘉興永明石化有限公司) (an indirect wholly-owned subsidiary of the Company) for industrial use with the details as follows:

Certificate No.	Land Use Rights Term	Site Area (sq m)
(2009)21-55	due to expire on 9 June 2054	121,494.00
(2009)21-64	due to expire on 29 September 2059	64,960.00
	Total:	<u>186,454.00</u>

- (2) According to the Building Ownership Certificate No. 00042189 issued by the Jiaxing Port Area Real Estate Administration Bureau dated 1 January 2005 with a total gross floor area of approximately 10,102.79 sq m, the building ownership of the property is vested in Jiaxing Yongming Petrochemical Co., Ltd.* for non-residential use.
- (3) Building ownership certificate of a building of the property with a total gross floor area of 2,907 sq m has not been obtained. In the course of our valuation, we have assigned no commercial value to such building. Had the Group obtained the building ownership certificate, the capital value of the building in its existing state as at 31 July 2010 assuming that the land premium has been fully settled, would be RMB9,400,000.
- (4) Building ownership certificate of a temporary building with a total gross floor area of 20 sq m has not been obtained. In the course of our valuation, we have assigned no commercial value to such building.
- (5) According to the Planning Permit for Construction Works No. 33040120084068 issued by the Jiaxing Port Economic Development Zone Municipal Planning Bureau on 23 September 2008, the construction works of the property was in compliance with the requirement of urban planning and was permitted to be developed with a total gross floor area of 2,907 sq m.
- (6) According to the Permit for Commencement of Construction Works No. 330422200909170105 issued by the Jiaxing Port Economic Development Zone Construction Bureau on 17 September 2009, the construction works for the 2 workshops were permitted to be commenced with a gross floor area of 2,907 sq m.
- (7) According to the Business Licence No. 330400400007734 dated 27 April 2010, Jiaxing Yongming Petrochemical Co., Ltd.* was established with a registered capital of US\$22,800,000 for a valid operation period from 9 December 2003 to 8 December 2053.
- (8) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
- Jiaxing Yongming Petrochemical Co., Ltd.* has legally obtained the land use rights and the building ownership of the property.
 - All land premium has been settled in full;
 - Jiaxing Yongming Petrochemical Co., Ltd.* has the right to occupy, use, lease, transfer, mortgage and dispose of the property;
 - The property is not subject to any mortgage or encumbrance; and
 - Planning permit for construction works and permit for commencement of construction works for a building with a total gross floor area of 2,907 sq m. have been obtained.
- (9) The status of the title and the grant of major approvals and licences that is in accordance with the PRC legal opinion and information provided by the Group as follows:–

Certificate for the Use of State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes (part)
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Capital value in existing state as at 31 July 2010
3. Various residential units of Zhongxing Garden, Zhapu Town, Jiaxing Port Economic Development Zone, Jiaxing, Zhejiang Province The PRC	The property comprises 30 residential units with a total gross floor area of approximately 4,544.43 sq m completed in 2007. The land use rights of the property have been granted for a term due to expire on 28 November, 2076 for residential use.	The property is currently vacant.	RMB10,100,000

Notes:–

- (1) According to the Certificate for the Use of State-owned Land Use Rights No. (2009)21-546 issued by the Pinghu Municipal Government, the land use rights of the property with a site area of 714.10 sq m have been granted to Sanjiang Chemical Co., Ltd.* (三江化工有限公司) (an indirect wholly-owned subsidiary of the Company) for a term for residential use and is due to expire on 28 November, 2076.
- (2) According to the Building Ownership Certificate No. 00085709 issued by the Pinghu Planning and Construction Bureau dated 18 November 2008 with a total gross floor area of 4,544.43 sq m, the building ownership of the property is vested in Sanjiang Chemical Co., Ltd.* .
- (3) According to the Business Licence No. 330400400006549 dated 12 April 2010, Sanjiang Chemical Co., Ltd.* was established with a registered capital of US\$22,225,000 for a valid operation period from 9 December 2003 to 8 December 2053.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
 - (i) Sanjiang Chemical Co., Ltd.* has legally obtained the land use rights and the building ownership of the property;
 - (ii) All land premium has been settled in full;
 - (iii) Sanjiang Chemical Co., Ltd.* has the right to occupy, use, lease, transfer, mortgage and dispose of the property; and
 - (iv) The property is not subject to any mortgage or encumbrance.
- (5) The status of the title and the grant of major approvals and licences that is in accordance with the PRC legal opinion and information provided by the Group are as follows:–

Certificate for the Use of State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II – Property leased to the Group in the PRC

Property	Description and tenure	Capital value in existing state as at 31 July 2010
4. Industrial complex at Shanmozhi Village Xinjie Town Xiaoshan District, Hangzhou Zhejiang Province, The PRC	<p>The property comprises an industrial complex with 3 workshops, an ancillary office building, a warehouse and 2 ancillary buildings erected on a parcel of land with a site area of approximately 16,732.83 sq m.</p> <p>The property has a total gross floor area of approximately 8,311.96 sq m which is used for industrial purposes.</p> <p>The property is currently leased by Hangzhou Xiaoshan Sanjiang Fine Chemicals Co., Ltd.* (杭州蕭山三江精細化工有限公司) (currently known as Hangzhou Haoming Investment Co., Ltd.* (杭州浩明投資有限公司)) to Hangzhou Sanjiang Textile Auxiliaries Co., Ltd.* (杭州三江印染助劑有限公司) (an indirect wholly-owned subsidiary of the Company).</p> <p>The property with building ownership certificate No. 112608 is currently leased to Hangzhou Sanjiang Textile Auxiliaries Co., Ltd.* for a term due to expire on 31 December 2020 at an annual rental of RMB800,000 for the first three years subject to a rent review every three-year period thereafter.</p> <p>The property with building ownership Textile Auxiliaries Co., Ltd certificate No. 112302 is currently leased to Hangzhou Sanjiang* for a term due to expire on 31 December 2020 at an annual rental of RMB400,000 for the first three years subject to a rent review for every three-year period thereafter.</p> <p>According to the PRC legal opinion, the lessor has obtained the building ownership certificates of the property and has the right to lease the property. The tenancy agreement is legal, valid and enforceable.</p>	No commercial value