

*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 BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31 October 2011 of the properties located in the PRC and Hong Kong.*

## **BMI APPRAISALS**

BMI Appraisals Limited 中和邦盟評估有限公司

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6 December 2011

The Directors

### **Hosa International Limited**

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Dear Sirs,

### **INSTRUCTIONS**

We refer to the instructions from Hosa International Limited (the “Company”) for us to value the properties held or leased by the Company and/or its subsidiaries (together referred to as the “Group”) located in the People’s Republic of China (the “PRC”) and Hong Kong. We confirm that we have performed inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 October 2011 (the “date of valuation”).

### **BASIS OF VALUATION**

Our valuations of the concerned properties have been based on the Market Value, which 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”.

**PROPERTY CATEGORIZATION**

In the course of our valuations, the portfolio of properties of the Group is categorized into the following groups:

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

Group II — Properties leased by the Group in the PRC

Group III — Property leased by the Group in Hong Kong

**VALUATION METHODOLOGIES**

In valuing the property in Group I, we have adopted the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as “the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors, etc.; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement”. This basis has been used due to the lack of an established market upon which to base comparable transactions, which generally furnishes the most reliable indication of values for assets without a known used market. This opinion of value does not necessarily represent the amount that might be realized from the disposition of the subject asset in the market and is subject to adequate profitability of the business compared to the value of the total assets employed.

We have attributed no commercial value to the properties in Group II and Group III which are leased by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

**TITLE INVESTIGATION**

We have been provided with copies of title documents/tenancy information and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the advice and information given by the Group’s PRC legal advisor — Jingtian & Gongcheng Attorneys at Law (競天公誠律師事務所) regarding the title of the properties located in the PRC. All documents have been used for reference only.

**VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the properties are sold in the market in their existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the values of the properties.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the properties, we have relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and have free and uninterrupted rights to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

#### **VALUATION CONSIDERATIONS**

We have inspected the exterior and wherever possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the properties. We are, therefore, unable to report that the properties are free from rot, infestation or any other structural defects.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the properties and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

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.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**REMARKS**

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfers.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,  
For and on behalf of

**BMI APPRAISALS LIMITED****Dr. Tony C. H. Cheng**

*BSc., MUD, MBA(Finance), MSc.(Eng), PhD(Econ),  
SIFM, FCIM, CPA UK, MHKIS, MCI Arb,  
MASCE, MIET, MIEEE, MASME, MIIE*

***Managing Director*****Joannau W. F. Chan**

*BSc., MSc., MRICS, MHKIS, RPS(GP)*

***Senior Director***

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*Notes:*

Dr. Tony C.H. Cheng is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and the People's Republic of China.

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and over 12 years' experience in valuations of properties in the People's Republic of China.

## SUMMARY OF VALUES

<u>No.</u>	<u>Property</u>	<u>Market Value in existing state as at 31 October 2011</u> RMB
<b>Group I — Property held and occupied by the Group in the PRC</b>		
1.	An industrial complex located at Huashan Industrial Zone, Shenhu Town, Jinjiang City, Fujian Province, The PRC	42,000,000
<b>Sub-total:</b>		<u>42,000,000</u>
<b>Group II — Properties leased by the Group in the PRC</b>		
2.	Unit Nos. 3201–3202 on Level 32, Blocks A and B, SK Tower, No. 6 Jianguomenwai Jia Main Street, Chaoyang District, Beijing, The PRC	No Commercial Value
3.	No. 603, Unit 10, Block No. 8, Hai Yun Cang Hu Tong, Dongcheng District, Beijing, The PRC	No Commercial Value
4.	No. 422, Block No. 7, Xinhualianjiayuannanqu, Tongzhou District, Beijing, The PRC	No Commercial Value
<b>Sub-total:</b>		<u>Nil</u>
<b>Group III — Property leased by the Group in Hong Kong</b>		
5.	Rooms 4105–08, 41st Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong	No Commercial Value
<b>Sub-total:</b>		<u>Nil</u>
<b>Grand-total:</b>		<u>42,000,000</u>

## VALUATION CERTIFICATE

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

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2011 RMB
1.	An industrial complex located at Huashan Industrial Zone, Shenhui Town, Jinjiang City, Fujian Province, The PRC	<p>The property comprises 5 land parcels with a total site area of approximately 24,243 sq.m. and 8 buildings and various ancillary structures completed in various stages between 1997 and 2006 erected thereon.</p> <p>The total gross floor area (“GFA”) of the buildings is approximately 36,762.4 sq.m.</p> <p>The buildings mainly include warehouses, factories and dormitories.</p> <p>The structures mainly include roads, walls and a gate.</p> <p>The land use rights of the property have been granted for various terms of 50 years with the latest expiry date on 30 June 2057 for industrial use.</p>	The property is occupied by the Group for industrial use.	42,000,000

*Notes:*

- Pursuant to 2 Land and Building Sale and Purchase Contracts both dated 24 December 2010, the property was contracted to be transferred to Haosha Industry (Fujian) Co., Ltd. (浩沙實業(福建)有限公司) (“Haosha Industry”) at a total consideration of RMB40,884,000.
- Pursuant to 5 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 24,243 sq.m. have been granted to Haosha Industry for various terms of 50 years with the latest expiry date on 30 June 2057 for industrial use. The details of which are summarized in the table below:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date
1.	Jin Guo Yong (2011) Di No. 00019	497	30 June 2057
2.	Jin Guo Yong (2011) Di No. 00020	1,960	8 March 2055
3.	Jin Guo Yong (2011) Di No. 00021	5,132	24 March 2055
4.	Jin Guo Yong (2011) Di No. 00022	5,382	8 March 2055
5.	Jin Guo Yong (2011) Di No. 00023	11,272	30 June 2057
Total:		24,243	

3. Pursuant to 3 Building Ownership Certificates, Jin Fang Quan Zheng Shen Hu Zi Di Nos. 003830, 003832 and 003844, the building ownership rights of 8 buildings of the property with a total GFA of approximately 36,762.4 sq.m. are legally owned by Haosha Industry.
4. The status of title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes
5. The opinion given by the PRC legal advisor to the Group is as follows:
  - a. The land use rights and building ownership rights of the property are legally vested in Haosha Industry; and
  - b. Haosha Industry has the rights to legally occupy, use, transfer, lease and mortgage the land use rights and building ownership rights of the property.
6. Haosha Industry is an indirectly wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

## Group II — Properties leased by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 October 2011</u> RMB
2.	Unit Nos. 3201–3202 on Level 32, Blocks A and B, SK Tower, No. 6 Jianguomenwai Jia Main Street, Chaoyang District, Beijing, The PRC	<p>The property comprises 2 office units on Level 32 of a 35-storey office building completed in about 2006.</p> <p>The total lettable area of the property is approximately 803.76 sq.m.</p> <p>Pursuant to a Lease Contract, the property is leased to Haosha Industry at a monthly rent of RMB152,714.4 for a term of 3 years expiring on 7 July 2013.</p>	The property is occupied by the Group for office use.	No Commercial Value

*Notes:*

1. Pursuant to the aforesaid Lease Contract, entered into between Haosha Industry (Fujian) Co., Ltd. (浩沙實業(福建)有限公司) (“Haosha Industry”) and an independent third party, the property is leased to Haosha Industry for a term of 3 years expiring on 7 July 2013 at a monthly rent of RMB152,714.4 exclusive of all relevant outgoings.
2. The opinion given by the PRC legal advisor to the Group is as follows:
  - a. If the lessor of the property has obtained the land use rights of the property or is authorized to sign the relevant lease agreement, the Lease Contract is legal and valid and the lessee has the rights to use the property;
  - b. The Lease Contract has not been registered; and
  - c. The non-registration will not affect the legality of the Lease Contract.
3. Haosha Industry is an indirectly wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 October 2011</u> RMB
3.	No. 603, Unit 10, Block No. 8, Hai Yun Cang Hu Tong, Dongcheng District, Beijing, The PRC	<p>The property comprises a residential unit of a 6-storey building completed in about 2003.</p> <p>The gross floor area (“GFA”) of the property is approximately 80.71 sq.m.</p> <p>Pursuant to a Lease Contract, the property is leased to Haosha Industry at a monthly rent of RMB7,300 for a term of 1 year expiring on 23 July 2012.</p>	The property is occupied by the Group for residential use.	No Commercial Value

*Notes:*

1. Pursuant to the aforesaid Lease Contract, entered into between Haosha Industry (Fujian) Co., Ltd. (浩沙實業(福建)有限公司) (“Haosha Industry”) and an independent third party, the property is leased to Haosha Industry for a term of 1 year expiring on 23 July 2012 at a monthly rent of RMB7,300 exclusive of all relevant outgoings.
2. The opinion given by the PRC legal advisor to the Group is as follows:
  - a. If the lessor of the property has obtained the land use rights of the property or is authorized to sign the relevant lease agreement, the Lease Contract is legal and valid and the lessee has the rights to use the property;
  - b. The Lease Contract has not been registered; and
  - c. The non-registration will not affect the legality of the Lease Contract.
3. Haosha Industry is an indirectly wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 October 2011</u> RMB
4.	No. 422, Block No. 7, Xinhualianjiayuananqu, Tongzhou District, Beijing, The PRC	<p>The property comprises a residential unit of a 6-storey building completed in about 2002.</p> <p>The gross floor area ("GFA") of the property is approximately 90.52 sq.m.</p> <p>Pursuant to a Lease Contract, the property is leased to Haosha Industry at a monthly rent of RMB2,800 for a term of 1 year expiring on 23 October 2012.</p>	The property is occupied by the Group for residential use.	No Commercial Value

*Notes:*

1. Pursuant to the aforesaid Lease Contract, entered into between Haosha Industry (Fujian) Co., Ltd. (浩沙實業(福建)有限公司) ("Haosha Industry") and an independent third party, the property is leased to Haosha Industry for a term of 1 year expiring on 23 October 2012 at a monthly rent of RMB2,800 inclusive of management fee, air-conditioning charge and maintenance cost.
2. The opinion given by the PRC legal advisor to the Group is as follows:
  - a. If the lessor of the property has obtained the land use rights of the property or is authorized to sign the relevant lease agreement, the Lease Contract is legal and valid and the lessee has the rights to use the property;
  - b. The Lease Contract has not been registered; and
  - c. The non-registration will not affect the legality of the Lease Contract.
3. Haosha Industry is an indirectly wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

## Group III — Property leased by the Group in Hong Kong

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 October 2011</u> RMB
5.	Rooms 4105-08, 41st Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong	<p>The property comprises 4 office units on the 41st floor of a high-rise commercial building completed in 1980.</p> <p>The total lettable area of the property is approximately 1,074 sq.ft. (or about 100 sq.m.).</p> <p>Pursuant to a Tenancy Agreement entered into between Hosa Group Holdings Limited, an indirectly wholly-owned subsidiary of the Company, and Speedway Assets Limited, the property is leased to Hosa Group Holdings Limited for a term of 2 years commencing on 20 June 2011 and expiring on 19 June 2013, at a monthly rent of HK\$81,624 exclusive of rates, service and management charges, with a rent-free period from 20 June 2011 to 19 July 2011.</p>	The property is occupied by the Group for office use.	No Commercial Value

Note:

The registered owner of the property is Speedway Assets Limited, an independent third party of the Company.