

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 Sallmanns Limited, an independent valuer, in connection with its valuation as at December 31, 2010 of the property interests of the Group.



Jones Lang LaSalle Sallmanns Limited
6/F Three Pacific Place
1 Queen's Road East Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

7 March 2011

The Board of Directors
China Kingstone Mining Holdings Limited
Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instruction to value the properties in which China Kingstone Mining Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) 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 December 31, 2010 (the “date of valuation”).

Our valuation of the property interests represents 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”.

Due to the nature of the building of property no. 1 and the particular location in which it is situated, there are unlikely to be relevant market comparable sales available, the property interest therefore has been valued on the basis of its 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 replacing the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interests in Group II, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

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 interests valued nor for any expense 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 an onerous nature, which could affect their values.

In valuing the property interests, 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 Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties 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 various documents including State-owned Land Use Rights Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Commerce & Finance, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties 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 properties. 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 and that no unexpected cost and delay will be incurred during construction. 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 properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

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 at 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 is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of

Jones Lang LaSalle Sallmanns Limited

Paul L. Brown
B.Sc. FRICS FHKIS
Chief Valuation Adviser

Sam B. Q. Zhu
MRICS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 28 years' experience in the valuation of properties in the PRC and 31 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

Sam B. Q. Zhu is a Chartered Surveyor who has 13 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUES

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

No.	Property	Capital value in existing states as at December 31, 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as at December 31, 2010 RMB
1.	2 parcels of land and an office building located at Groups 1 and 3 Zhenjiang Village Xiangshui Town Jiangyou City Sichuan Province The PRC	1,392,000	100%	1,392,000
Sub-total:		<u>1,392,000</u>		<u>1,392,000</u>

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

No.	Property	Capital value in existing state as at December 31, 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as at December 31, 2010 RMB
2.	35 parcels of land located at Zhenjiang Village Xiangshui Town Jiangyou City Sichuan Province The PRC	No commercial value	100%	No commercial value
3.	Units 1413 to 1414, 1417 to 1420 on Level 4, Jinpeng Modern City No. 288 Shicheng Road Jiangyou City Sichuan Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at December 31, 2010	Interest attributable to the Group	Capital value attributable to the Group as at December 31, 2010
		RMB		RMB
4.	Unit D3 of a single-storey building No. 4 Jingquan 3rd Road Yong He Area Econ-Tech Development Zone Guangzhou City Guangdong Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	<u>Nil</u>		<u>Nil</u>
	Grand total:	<u><u>1,392,000</u></u>		<u><u>1,392,000</u></u>

VALUATION CERTIFICATE

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

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at December 31, 2010
				RMB
1.	2 parcels of land and an office building located at Groups 1 and 3 Zhenjiang Village Xiangshui Town Jiangyou City Sichuan Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 9,275.9 sq.m. and an office building with a gross floor area of approximately 826 sq.m. erected thereon which was completed in September 2010. The land use rights of the property have been granted for a term with expiry date on October 11, 2060 for industrial use.	The property is currently occupied by the Group for office purpose.	1,392,000 100% interest attributable to the Group: RMB1,392,000

Notes:

- As advised by the Group, Sichuan Jiangyou Jinshida Stone Industry Co., Ltd. ("Sichuan Jinshida") is an indirectly wholly-owned subsidiary of the Company.
- Pursuant to 2 State-owned Land Use Rights Grant Contracts — Nos. 510601-2010-0262 and 510601-2010-0263 dated 12 October 2010 entered into between Jiangyou City Bureau of State-owned Land and Resources (江油市國土資源局) and Sichuan Jinshida, the land use rights of 2 parcels of land with a total site area of 9,277 sq.m. were contracted to be granted to Sichuan Jinshida for a term of 50 years expiring on October 10, 2060 for industrial use. The total land premium was RMB1,113,600.
- Pursuant to 2 State-owned Land Use Rights Certificates dated October 20, 2010 — Jiang Guo Yong (2010) Di Nos. 2500025 and 2500026 (江國用(2010)第2500025和2500026號), the land use rights of 2 parcels of land with a total gross floor area of approximately 9,275.9 sq.m. have been granted to Sichuan Jinshida expiring on October 11, 2060 for industrial use.
- Pursuant to a Construction Land Planning Permit dated April 6, 2010 — Di Zi Di No. 10002 issued by Jiangyou City Planning & Construction Bureau, permission towards the planning of a parcel of land with a site area of approximately 13.92 mu (9,280.05 sq.m.) has been granted to Sichuan Jinshida.
- Pursuant to a Construction Work Planning Permit dated April 6, 2010 — Jian Zi Di No. 10083 issued by Jiangyou City Planning & Construction Bureau, an office building with a planned gross floor area of approximately 826 sq.m. has been approved for construction.
- Pursuant to a Construction Work Commencement Permit dated August 11, 2010 — Jian Shi Di (2010) No. 274 in favour of Sichuan Jinshida, permission by Jiangyou City Planning & Construction Bureau was given to commence the construction work of the building.
- We have not been provided with any Building Ownership Certificate of the building.
- 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:
 - Sichuan Jinshida has obtained the land use rights of the property and has rights to occupy, use, lease, mortgage and transfer the land use rights of the property in accordance with the valid term stipulated in the State-owned Land Use Rights Certificate legally;
 - Sichuan Jinshida has obtained all requisite construction permits for the property; and
 - The likelihood that Sichuan Jinshida is penalized by Jiangyou City State-owned Land and Resources Bureau for occupying and using the 2 parcels of land of the property before obtaining the State-owned Land Use Rights Certificates is low.
- We have relied on the aforesaid legal opinion and attributed no commercial value to the building. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB2,561,000 assuming all relevant title certificates have been obtained and the building could be freely transferred.

VALUATION CERTIFICATE

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

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at December 31, 2010 RMB
2.	35 parcels of land located at Zhenjiang Village Xiangshui Town Jiangyou City Sichuan Province The PRC	<p>The property comprises 35 parcels of land with a total site area of approximately 153.921 mu (102,614.51 sq.m.), which includes a parcel of forestland with a site area of approximately 128.106 mu. (85,404.43 sq.m.)</p> <p>The property is leased to Sichuan Jiangyou Jinshida Stone Industry Co., Ltd. (“Sichuan Jinshida”, an indirectly wholly-owned subsidiary of the Company) from various independent third parties (refer to notes 1 to 2).</p>	The property is currently occupied by the Group for ancillary purpose.	No commercial value

Notes:

- Pursuant to 34 Land Lease Agreements entered into between Sichuan Jinshida and various independent third parties, 34 parcels of land with a total site area of approximately 25.815 mu (17,210.09 sq.m.) (“**Land A**”) are leased to Sichuan Jinshida for various terms with the expiry dates between May 30, 2021 and December 25, 2028 in consideration of annual rent as 400–500 kgs yellow millet per mu or RMB1,100 per mu.

According to the opinion of the Company’s PRC legal advisers, pursuant to relevant approvals issued by Jiangyou City Land and Resources Bureau which indicate that the land use rights in respect of Land A have been approved to be used by Sichuan Jinshida temporarily for a term of 2 years, Sichuan Jinshida has the rights to use Land A in accordance with such approvals and relevant lease agreements within the valid period stipulated by such approvals.

- Pursuant to a Confirmation Letter dated July 30, 2010 issued by Jiangyou City Forestry Bureau, Jiangyou City Forestry Bureau has approved Sichuan Jinshida to use a parcel of forestland with a site area of approximately 128.106 mu (85,404.43 sq.m.) (“**Land B**”) temporarily for a term expiring on July 30, 2012.

Pursuant to a Forestland Lease Agreement entered into between Sichuan Jinshida and an independent third party, a parcel of forestland with a site area of approximately 312 mu (208,001.04 sq.m.) (“**Forestland**”) (including Land B) is leased to Sichuan Jinshida for a term of 8 years expiring on 10 May 2016 at a total rent of RMB660 per mu subject to a 3% increase biennially.

According to the opinion of the Company’s PRC legal advisers, (i) pursuant to (a) relevant approvals issued by Jiangyou City Land and Resources Bureau which indicate that the land use rights in respect of Land B have been approved to be used by Sichuan Jinshida temporarily for a term of 2 years and (b) the aforesaid Confirmation Letter, Sichuan Jinshida has the rights to use Land B in accordance with such approvals, confirmation letter and relevant lease agreement within the valid period stipulated by such approvals and confirmation letter; and (ii) as Sichuan Jinshida has not obtained any proper approvals from local authorities for the remaining portion of Forestland with a site area of approximately 183.894 mu (122,596.61 sq.m.) (“**Land C**”), the lease relating to this portion has not become effective.

- Pursuant to 111 agreements entered into between Sichuan Jinshida and various independent third parties, there are 111 parcels of land/forestland which adjoin the property and are leased by Sichuan Jinshida, comprising (a) 54 parcels of land with a total site area of approximately 252.44 mu (168,294.17 sq.m.) leased to Sichuan Jinshida for various terms with the expiry dates between April 25, 2023 and August 12, 2059 in consideration of annual rent as 400-500 kgs yellow millet per mu or RMB44 per mu to RMB1,032.64 per mu; and (b) 57 parcels of forestland with a total site area of approximately 402.74 mu (268,494.68 sq.m.) leased to Sichuan Jinshida for various terms with the expiry dates between April 16, 2016 and February 2, 2040 at an annual rent of RMB20 per mu to RMB400 per mu or RMB82.5 per mu subject to a 3% increase biennially.

4. Pursuant to a Mining Permit dated February 21, 2011 issued by the State-owned Land and Resources Bureau of Sichuan Province, the mining permit rights with a mining area of approximately 0.4436 sq.km. are authorized to Sichuan Jinshida for a term commencing from February 21, 2011 and expiring on February 21, 2021. As advised by the Group, portions of the land/forestland parcels mentioned in note 3 with a total site area of approximately 565.714 mu (377,144.55 sq.m.) are included in the mining area prescribed by the Mining Permit (“Land Within Mining Area”); and the remaining portion with a site area of approximately 89.466 mu (59,644.30 sq.m.) and Land C are located at the outside of mining area (“Land Outside Mining Area”).
5. According to the opinion of the Company’s PRC legal advisers, the leases relating to the above mentioned 111 parcels land/forestland will become effective on conditions that (a) Sichuan Jinshida has obtained proper approvals from local authorities for using the Land Within Mining Area; and (b) Sichuan Jinshida has obtained relevant short-term permits and signed required agreements with all landlords for using the Land Outside Mining Area.
6. We have relied on the aforesaid legal opinion and excluded the remaining portion mentioned in note 2 and the 111 parcels land/forestland mentioned in note 3 together having a total site area of approximately 839.074 mu (559,385.46 sq.m.) from our valuation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at December 31, 2010
				RMB
3.	Units 1413 to 1414, 1417 to 1420 on Level 4 Jinpeng Modern City No. 288 Shicheng Road Jiangyou City Sichuan Province The PRC	The property comprises 6 units on Level 4 of an 8-storey office building completed in about 2005. The property has a total lettable area of approximately 218.82 sq.m. The property is leased to Sichuan Jiangyou Jinshida Stone Industry Co., Ltd. ("Sichuan Jinshida", an indirectly wholly-owned subsidiary of the Company) from 2 independent third parties for a term of one year expiring on September 30, 2011 at an annual rent of RMB27,572, exclusive of water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to 2 Lease Agreements, the property is leased to Sichuan Jinshida from 2 independent third parties for a term of one year expiring on September 30, 2011 at an annual rent of RMB27,572, exclusive of water and electricity charges.
2. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. The lessors have the legal rights to lease the property;
 - b. The Lease Agreements are legal, valid and binding on both signing parties; and
 - c. Sichuan Jinshida has the rights to use and occupy the property in accordance with the Lease Agreements.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at December 31, 2010
				RMB
4.	Unit D3 of a single-storey building No. 4 Jingquan 3rd Road Yong He Area Econ-Tech Development Zone Guangzhou City Guangdong Province The PRC	The property comprises an office unit of a single-storey office building completed in about 2004. The unit has a lettable area of approximately 25 sq.m. The property is leased to Kingstone (Guangzhou) Stone Industry Co., Ltd. ("Guangzhou Kingstone", an indirectly wholly-owned subsidiary of the Company.) from an independent third party for a term of one year expiring on May 10, 2011 with free rent.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Building Lease Agreement, the property is leased to Guangzhou Kingstone from an independent third party for a term of one year expiring on May 10, 2011 at nil rent.
2. We have been provided with a legal opinion on the legality of the lease agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. The lessor has the legal rights to lease the property;
 - b. The Building Lease Agreement is legal, valid and binding on both signing parties;
 - c. Guangzhou Kingstone has the rights to use and occupy the property in accordance with the Building Lease Agreement; and
 - d. Lack of the registration will not affect the legality of the Building Lease Agreement. However, the relevant parties of the lease may be ordered to rectify this non-compliance within a prescribed period by the relevant government authority. If such non-compliance can not be rectified in due course, there may be imposed a fine of RMB1,000 to RMB10,000 on the relevant parties.