

*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 of February 28, 2011 of the property interests of the Group.*



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Licence No: C-030171

May 5, 2011

The Board of Directors  
**Billion Industrial Holdings Limited**

Dear Sirs,

In accordance with your instructions to value the properties in which Billion Industrial 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") and Hong Kong, 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 of February 28, 2011 (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 buildings and structures of Part A of property no. 1 and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore 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 replacement (reproduction) of 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.

In valuing the interest of the building of Part B of property no. 1 which is currently under construction, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as of the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the interest of property no. 2, which has not been assigned to the Group as of the date of valuation, thus the title of the property is not vested in the Group.

We have attributed no commercial value to the property interest in Group III, which is 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 title documents including State-owned Land Use Rights Certificate, Building Ownership 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 advisers – Tian Yuan Law Firm, 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*

**Eddie T.W. Yiu**  
*MRICS MHKIS RPS (GP)*  
*Associate 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 and the United Kingdom as well as relevant experience in the Asia-Pacific region.*

*Eddie T. W. Yiu is a Chartered Surveyor who has 17 year's experience in the valuation of properties in Hong Kong and the PRC.*

## SUMMARY OF VALUES

## Group I – Property interest held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as of February 28, 2011	Interest attributable to the Group	Capital value attributable to the Group as of February 28, 2011
		RMB		RMB
1.	Two parcels of land, various buildings and structures No. 1 Fenglin Industrial Zone Longhu Town Jinjiang City Fujian Province The PRC	992,637,000	100%	992,637,000
<b>Sub-total:</b>		992,637,000		992,637,000

## Group II – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as of February 28, 2011	Interest attributable to the Group	Capital value attributable to the Group as of February 28, 2011
		RMB		RMB
2.	A parcel of land located at the northeast of Jingguan East Road and the southeast of Weiwu Road Donghai Town Fengze District Quanzhou City Fujian Province The PRC	No commercial value	100%	No commercial value
<b>Sub-total:</b>		Nil		Nil

## Group III – Property interest leased and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as of February 28, 2011	Interest attributable to the Group	Capital value attributable to the Group as of February 28, 2011
		RMB		RMB
3.	Unit 01 on Level 15 Office Tower of Convention Plaza No. 1 Harbour Road Wanchai Hong Kong	No commercial value	100%	No commercial value
	<b>Sub-total:</b>	Nil		Nil
	<b>Grand total:</b>	992,637,000		992,637,000

## 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 of February 28, 2011																					
				RMB																					
1.	Two parcels of land, various buildings and structures No. 1 Fenglin Industrial Zone Longhu Town Jinjiang City Fujian Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 268,519 sq.m. and 63 buildings and various ancillary structures erected thereon which were completed in various stages between 2005 and 2010. (“<b>Part A</b>”)</p> <p>The buildings of Part A have a total gross floor area of approximately 384,289.08 sq.m. and the details of uses and their respective gross floor areas are set out as follows:</p> <table><tr><th>Use</th><th>No. of Item</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production</td><td>26</td><td>285,948.24</td></tr><tr><td>Storage</td><td>6</td><td>22,302.39</td></tr><tr><td>Office</td><td>1</td><td>7,429.75</td></tr><tr><td>Staff quarter &amp; canteen</td><td>6</td><td>60,512.91</td></tr><tr><td>Ancillary</td><td>24</td><td>8,095.79</td></tr><tr><td>Total</td><td>63</td><td>384,289.08</td></tr></table> <p>The structures of Part A mainly include road, swimming pool and boundary fences.</p> <p>The land use rights of Part A of the property have been granted for a term of 50 years expiring on July 30, 2055 for industrial use.</p> <p>In addition to Part A, the property also comprises another parcel of land with a site area of approximately 6,878.50 sq.m. and a 4-storey industrial building being constructed thereon (referring to the additional 25,000 tpa capacity production facilities) (“<b>Part B</b>”) which is adjacent to Part A of the property.</p> <p>As advised by the Group, the development of Part B is scheduled to be completed in August 2011. Upon completion, the building of Part B will have a gross floor area of approximately 28,450.57 sq.m.</p> <p>As advised by the Group, the total construction cost of the development of Part B is estimated to be approximately RMB54,540,000, of which approximately RMB17,911,000 has been paid up to the date of valuation.</p> <p>The land use rights of Part B of the property have been granted for a term expiring on January 26, 2056 for industrial use.</p>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	26	285,948.24	Storage	6	22,302.39	Office	1	7,429.75	Staff quarter & canteen	6	60,512.91	Ancillary	24	8,095.79	Total	63	384,289.08	Part A of the property is currently occupied by the Group for production, storage, office, staff quarter, canteen and ancillary purposes whilst the building of Part B of the property is currently under construction.	992,637,000  100% interest attributable to the Group: RMB992,637,000
Use	No. of Item	Gross Floor Area (sq.m.)																							
Production	26	285,948.24																							
Storage	6	22,302.39																							
Office	1	7,429.75																							
Staff quarter & canteen	6	60,512.91																							
Ancillary	24	8,095.79																							
Total	63	384,289.08																							

Notes:

**For Part A:**

1. Pursuant to a State-owned Land Use Rights Grant Contract – Jin Di He (2005) Xie Zi Di No. 299 dated November 10, 2005 entered into between Jinjiang Municipal State-owned Land Resources Bureau and Fujian Billion Polymerization Fiber Industrial Co., Ltd., the land use rights of a parcel of land with a site area of approximately 268,519 sq.m. were contracted to be granted to Fujian Billion Polymerization Fiber Industrial Co., Ltd. for industrial use. The total land premium was RMB7,483,625.
2. As advised by the Company, Fujian Billion Polymerization Fiber Industrial Co., Ltd. is the former name of Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd. (“Billion Fujian”, an indirect wholly-owned subsidiary of the Company).
3. Pursuant to a State-owned Land Use Rights Certificate – Jin Guo Yong (2008) Di No. 00856, the land use rights of a parcel of land with a site area of approximately 268,519 sq.m. have been granted to Billion Fujian for a term of 50 years expiring on July 30, 2055 for industrial use.
4. Pursuant to 11 Building Ownership Certificates – Jin Fang Quan Zheng Long Hu Zi Di Nos. 002264, 002390 to 002399, 61 buildings of Part A of the property with a total gross floor area of approximately 383,960.76 sq.m. are owned by Billion Fujian.
5. For the remaining 2 buildings of Part A of the property with a total gross floor area of approximately 328.32 sq.m., we have not been provided with any Building Ownership Certificates. Portion of these 2 buildings are located outside the land boundary of Part A.
6. In the valuation of Part A of the property, we have attributed no commercial value to the 2 buildings (as referred to in note 5) with a total gross floor area of approximately 328.32 sq.m. which have not obtained any Building Ownership Certificates. However, for reference purpose, we are of the opinion that the aggregate depreciated replacement cost of the buildings (excluding the land) as of the date of valuation would be RMB462,000 assuming the Building Ownership Certificates have been fully obtained and the buildings could be freely transferred.
7. We have been provided with a legal opinion regarding the property interest of Part A by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
  - a. The Group has obtained the State-owned Land Use Rights Certificate of the land use rights of Part A of the property and is the sole legal user of the land parcel of Part A of the property;
  - b. The Group has obtained the Building Ownership Certificates of the buildings as referred to in note 4 and is the sole legal owner of such buildings;
  - c. The existing use of the land parcel of Part A of the property is in compliance with the stipulated use as stated in the State-owned Land Use Rights Certificate. During the term of the land use rights, the Group is wholly, legally and validly in possession of the land use rights of Part A of the property and has the rights to use, transfer, lease, mortgage or by other legal means dispose of the land use rights of Part A of the property. The Group has obtained all the requisite approvals/permits/consents and legally fulfilled the formality of the relevant registration for obtaining the land use rights of Part A of the property;
  - d. There are no additional costs or land premium required to be paid for obtaining the land use rights of Part A of the property. Besides, there are no litigation, dispute and substantial adverse causes which may result in the land use rights to be resumed compulsorily. The land parcel is not subject to mortgage or other encumbrances;
  - e. The Group is wholly, legally and validly in possession of the ownership of the buildings as referred to in note 4 and has the rights to use, mortgage, lease or sell such buildings. The Group has obtained all the requisite approvals/permits/consents and legally fulfilled the formality of the relevant registration for obtaining the ownership of such buildings; and
  - f. As portion of the buildings as referred to in note 5 are located outside the land boundary as stipulated in the State-owned Land Use Rights Certificate as referred to in note 3, the Group may be claimed for returning the occupied excessive land or being subject to confiscation of such buildings or any penalty or other administrative punishment by the local land administrative authority. However, the construction scale of such buildings is small and such buildings are only for ancillary use. If such buildings are confiscated, it would not have substantial adverse impact on the production and operation of Billion Fujian.

**For Part B:**

8. Pursuant to a State-owned Land Use Rights Transfer Contract dated October 10, 2010 entered into between Fujian Mingtai Ecological Textile Technology Co., Ltd. (福建明泰生態紡織科技有限公司) and Billion Fujian, the land use rights of a parcel of land with a site area of approximately 6,878.50 sq.m. were contracted to be transferred to Billion Fujian for industrial use at a consideration of RMB2,063,550.
9. Pursuant to a State-owned Land Use Rights Certificate – Jin Guo Yong (2011) Di No. 00244, the land use rights of a parcel of land with a site area of approximately 6,878.50 sq.m. have been granted to Billion Fujian for a term expiring on January 26, 2056 for industrial use.
10. Pursuant to a Construction Land Planning Permit – Jin Jian Gui Zi Di No. 2094755 in favor of Billion Fujian, permission towards the planning of the subject land with a site area of approximately 6,878.5 sq.m. has been granted to Billion Fujian.
11. Pursuant to a Construction Work Planning Permit – Jian Zi Di Jin Jian Gui Zi Di No. 3091074 in favor of Billion Fujian, a building with a gross floor area of approximately 28,450.57 sq.m. has been approved for construction.
12. Pursuant to a Construction Work Commencement Permit – No. 350582201102250101 in favor of Billion Fujian, permission by the relevant local authority has been given to commence the construction works.
13. We have been provided with a legal opinion regarding the property interest of Part B by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - a. The Group has obtained the State-owned Land Use Rights Certificate of the land use rights of Part B of the property and is the sole legal user of the land parcel of Part B of the property;
  - b. During the term of the land use rights, the Group is wholly, legally and validly in possession of the land use rights of Part B of the property and has the rights to use, transfer, lease, mortgage or by other legal means dispose of the land use rights of Part B of the property. The Group has obtained all the requisite approvals/permits/consents and legally fulfilled the formality of the relevant registration for obtaining the land use rights of Part B of the property;
  - c. There are no additional costs or land premium required to be paid for obtaining the land use rights of Part B of the property. Besides, there are no litigation, dispute and substantial adverse causes which may result in the land use rights to be resumed compulsorily. The land parcel is not subject to mortgage or other encumbrances; and
  - d. According to the confirmation by Jinjiang Municipal Construction Planning and Building Administration Bureau (晉江市規劃建設與房產管理局), the Group has obtained all the requisite construction permits mentioned in notes 10, 11 and 12 for the building under construction of Part B and is permitted to continue its construction. Upon acceptance of the building completion, there are no legal impediments for the Group to obtain the building ownership rights of the building of Part B and the Group will not be subject to any punishment from the relevant authorities for the dateback situation when the construction works commenced but without the requisite construction permits and there is no significant adverse impact to the Group's production and operation for such issue.



## VALUATION CERTIFICATE

## Group II – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of February 28, 2011
				RMB
2.	A parcel of land located at the northeast of Jingguan East Road and the southeast of Weiwu Road Donghai Town Fengze District Quanzhou City Fujian Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 11,227.5 sq.m.</p> <p>According to the latest development proposal provided by the Group, the property is proposed to be developed into an operation center with a total planned gross floor area of approximately 76,347 sq.m.</p> <p>As advised by the Group, the whole development is scheduled to be completed in 2013.</p>	The property is currently vacant.	No commercial value

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract – Quan Di (2010) He No. 38 dated September 20, 2010 entered into between Quanzhou Municipal State-owned Land Resources Bureau and Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd. (“Billion Fujian”, an indirect wholly-owned subsidiary of the Company), the land use rights of a parcel of land with a site area of approximately 11,227.5 sq.m. were contracted to be granted to Billion Fujian for composite office, commercial and residential uses. The total land premium was RMB36,700,000.
- As of the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property.
- In the valuation of this property, we have attributed no commercial value to the property which has not obtained any State-owned Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as of the date of valuation would be RMB38,174,000 assuming the State-owned Land Use Rights Certificate has been obtained and the property could be freely transferred.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers that Billion Fujian has fully paid the land premium and has the rights to apply for the State-owned Land Use Rights Certificate of the property in accordance with the State-owned Land Use Rights Grant Contract and the relevant laws, therefore there is no material legal impediment for Billion Fujian to obtain the State-owned Land Use Rights Certificate of the property.

## VALUATION CERTIFICATE

## Group III – Property interest leased and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of February 28, 2011 RMB
3.	Unit 01 on Level 15 Office Tower of Convention Plaza No. 1 Harbour Road Wanchai Hong Kong	<p>The property comprises an office unit on Level 15 of a 49-storey office building which was completed in 1990.</p> <p>The property has a gross floor area of approximately 272.76 sq.m.</p> <p>The property is leased to Billion Development (Hong Kong) Limited (“Billion Development”, an indirect wholly-owned subsidiary of the Company), from two independent third parties for a term commencing from January 1, 2011 and expiring on December 5, 2012 at a monthly rent of HK\$102,760 exclusive of management fees, Government rent, rates and all outgoings.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

*Notes:*

- Pursuant to a Tenancy Agreement dated December 20, 2010, the property with a gross floor area of approximately 272.76 sq.m. was leased to Billion Wise Industrial Limited (“Billion H.K.”, a connected party of the Company), from Hadilukito Prajogo and Yenny Prajogo, two independent third parties (“Landlords”), for a term of 2 years commencing from December 6, 2010 and expiring on December 5, 2012 at a monthly rent of HK\$102,760, exclusive of management fees, Government rent, rates and all outgoings.
- Pursuant to a Novation Agreement dated February 7, 2011, it had been agreed between Billion H.K. (“Tenant”) and Billion Development (“Substitute Tenant”) that the Substitute Tenant shall assume the obligations of the Tenant under the Tenancy Agreement. Besides, the Landlords had consent to the substitution of the Substitute Tenant for the Tenant under the Tenancy Agreement with effect from January 1, 2011. Accordingly, the property was leased to Billion Development, for a term commencing from January 1, 2011 and expiring on December 5, 2012 at a monthly rent of HK\$102,760, exclusive of management fees, Government rent, rates and all outgoings.
- The registered owners of the property are Hadilukito Prajogo and Yenny Prajogo vide Memorial No. UB8631916 dated February 25, 2002.