

The following are the texts of the letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this prospectus, received from Vigers Appraisal & Consulting Limited, an independent property valuer, in connection with their valuation as at 31 May 2011 of the property interests held by the Group in the PRC and Hong Kong.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong



28 June 2011

The Directors
Golden Shield Holdings (Industrial) Limited
Unit 1003, 10th Floor
No. 69 Jervois Street
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Golden Shield Holdings (Industrial) Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) in the People’s Republic of China (the “PRC”) and the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), we confirm that we have carried out 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 value of such property interests as at the 31 May 2011 (“date of valuation”) for the purpose of incorporation into the prospectus issued by the Company on the date hereof.

Our valuation is our opinion of the market value of the property interest where we would define market value 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”.

In valuing the property interests in Group I, which are held by the Group for self-occupation in the PRC, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the properties and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the properties as a whole. In the valuation of the land portion, reference has been made to the standard land price in Xianyang City and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration

and all relevant forms of obsolescence and optimisation. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparables sales. The approach is subject to adequate potential profitability of the business.

The property interests in Groups II and III have no commercial value due to the short-term nature, prohibition against transfer, subletting or otherwise due to lack of substantial profit rent.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

We have caused searches to be made at the relevant Land Registry for the property in Group III located in Hong Kong, but we have not caused title searches to be made for the property interests at the relevant government bureaus in the PRC for properties located in the PRC. We have been provided with certain extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinion (“the PRC legal opinion”) provided by the Group’s PRC legal advisers, Dacheng Law Offices.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We have also been advised by the Group that no material facts have been concealed or omitted in the information provided to us and we have no reason to suspect that any material information has been withheld. All documents have been used for reference only. We consider that we have been provided with sufficient information to reach an informed view.

All 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 approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

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

In valuing the property interests, we have fully complied with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS), the RICS Appraisal and Valuation Standards (6th Edition 2007) published by the Royal Institution of Chartered Surveyors (the “RICS”) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate adopted in valuing the property interests in the PRC as at 31 May 2011 was HK\$1 : RMB0.8325. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

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

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
Managing Director

Contributing Valuer:

Lawrence Chan Ka Wah, Associate Director *BSc (Real Estate) MRICS MHKIS*

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty four years’ experience in undertaking valuations of properties in Hong Kong and has over seventeen years’ experience in valuations of properties in the PRC, Taiwan, Macau and the Asia-Pacific region. He joined Vigers in 1989.

SUMMARY OF VALUATION

Group I — Property interests held by the Group for self-occupation in the PRC

<u>Property</u>	<u>Market Value in existing state as at 31 May 2011</u>	<u>Interest attributable to the Group</u>	<u>Market Value in existing state attributable to the Group as at 31 May 2011</u>
1. The lands and buildings of Jingyang Production Plant located at Wenyi Road Jingyang County Xianyang City Shaanxi Province the PRC	RMB16,430,000 (equivalent to approximately HK\$19,740,000)	100%	RMB16,430,000 (equivalent to approximately HK\$19,740,000)
2. The land and buildings of Yongle Warehouse located at Yongle Town Jingyang County Xianyang City Shaanxi Province the PRC (Opposite to Property No. 3)	RMB18,510,000 (equivalent to approximately HK\$22,230,000)	100%	RMB18,510,000 (equivalent to approximately HK\$22,230,000)
3. The land and buildings of Yongle Production Plant erected thereon located at Yongle Industrial Park Jingyang Industrial Concentrated Area Yongle Town Jingyang County Xianyang City Shaanxi Province the PRC (Opposite to Property No. 2)	RMB45,600,000 (equivalent to approximately HK\$54,770,000)	100%	RMB45,600,000 (equivalent to approximately HK\$54,770,000)
Sub-total	RMB80,540,000 (equivalent to approximately HK\$96,740,000)		RMB80,540,000 (equivalent to approximately HK\$96,740,000)

SUMMARY OF VALUATION

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

<u>Property</u>	<u>Market Value in existing state as at 31 May 2011</u>	<u>Interest attributable to the Group</u>	<u>Market Value in existing state attributable to the Group as at 31 May 2011</u>
4. The lands and buildings of Dali Production Plant located at No. 11 Dongxin Street Dali County Weinan City Shaanxi Province the PRC	No commercial value	100%	Nil
5. The lands and buildings of Guang Hua Production Plant located at Xuzhuang Town Dali County Weinan City Shaanxi Province the PRC	No commercial value	100%	Nil
Sub-total	<u>Nil</u>		<u>Nil</u>
Group III — Property interest leased by the Group in Hong Kong			
6. Unit 1003, 10th Floor No. 69 Jervois Street Hong Kong	No commercial value	100%	Nil
Grand-total	RMB80,540,000		RMB80,540,000
	(equivalent to approximately <u>HK\$96,740,000</u>)		(equivalent to approximately <u>HK\$96,740,000</u>)

VALUATION CERTIFICATE

Group I — Property interests held by the Group for self-occupation in the PRC

<u>Property</u>	<u>Description and Tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 May 2011</u>
1. The lands and buildings of Jingyang Production Plant located at Wenyi Road Jingyang County Xianyang City Shaanxi Province the PRC	<p>The property comprises 3 parcels of land together with 18 single to 4-storey buildings and structures completed in between 1970s and 1990s erected thereon.</p> <p>The total site area and total gross floor area of the property are approximately 42,759.5 sq.m. and 43,403.7 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term of 50 years with the latest expiry date on 30 December 2052 for industrial use.</p>	The property at present is occupied by the Group for industrial and ancillary uses.	<p>RMB16,430,000</p> <p>(equivalent to approximately HK\$19,740,000)</p> <p>Interest attributable to the Group</p> <p>100%</p> <p>Market Value in existing state attributable to the Group as at 31 May 2011</p> <p>RMB16,430,000</p> <p>(equivalent to approximately HK\$19,740,000)</p>

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates (Document Nos.: Jing Guo Yong (2002) Zi No. C-032-01 and Jing Guo Yong (2005) No. A-018), the land use rights of two of the land parcels of the property with a total site area of approximately 40,315.9 sq.m. were granted to Golden Shield Textile (Jing Yang) Co., Ltd. for a term of 50 years with the latest expiry date on 30 December 2052 for industrial and construction of dormitory uses.

Furthermore, pursuant to a State-owned Land Use Rights Certificate (Document No.: Jing Guo Yong (2004) Zi No. A-016), the land use rights of one of the land parcels of the property with a site area of approximately 2,443.6 sq.m. were granted to Golden Shield Textile (Jing Yang) Co., Ltd. for a term of 70 years for construction of composite building use.

2. Pursuant to a statement issued by the State-owned Land Resources Bureau of Jingyang County dated 8 October 2010, the land use rights of the property were granted to Golden Shield Textile (Jing Yang) Co., Ltd. for a term of 50 years with the latest expiry date on 30 December 2052 for industrial use. The revised State-owned Land Use Rights Certificates will be issued within 3 years since 8 October 2010. The particulars of the State-owned Land Use Rights Certificates set out in the statement are summarized as follows:

<u>No.</u>	<u>Approximate site area (sq.m.)</u>	<u>Use</u>	<u>Tenure expiry date</u>	<u>State-owned Land Use Rights Certificates (Document Nos.)</u>
1	32,698.9	Industrial	30 December 2052	Jing Guo Yong (2002) Zi No. C-032-01
2	2,443.6	Industrial	15 December 2052	Jing Guo Yong (2004) Zi No. A-016
3	<u>7,617</u>	Industrial	16 December 2052	Jing Guo Yong (2005) No. A-018
Total	<u>42,759.5</u>			

3. Pursuant to a Building Ownership Certificate (Document No.: Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 03132), the ownership of three buildings of the property with a total gross floor area of approximately 27,425.56 sq.m. is vested in Golden Shield Textile (Jing Yang) Co., Ltd.
4. According to the information provided by the Group, there are 15 buildings with a total gross floor area of approximately 15,978.14 sq.m. completed in between 1970s and 1990s erected thereon without Building Ownership Certificates.
5. According to a statement issued by the Housing and Urban-Rural Development Bureau of Jingyang County dated 26 October 2010, the constructions of the 15 buildings stated in Note 4 have complied with the relevant regulations in the PRC, the external conditions are normal, which are entitled to be occupied.
6. In the course of our valuation, we have ascribed no commercial value to the buildings stated in Note 4 due to the absence of the relevant Building Ownership Certificates. Hence the Group is not entitled to transfer, lease or mortgage such buildings in the market.

However, for indicative purpose, the depreciated replacement cost of the buildings stated in Note 4 as at the date of valuation is RMB1,680,000 (equivalent to approximately HK\$2,020,000) by assuming the relevant Building Ownership Certificates were obtained for the buildings stated in Note 4 and these buildings were freely transferrable in the market.

7. According to the information provided by the Group, Golden Shield Textile (Jing Yang) Co., Ltd. is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.
8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisers, Dacheng Law Offices, which contains, *inter alia*, the following information:
 - (a) Golden Shield Textile (Jing Yang) Co., Ltd. is entitled to occupy, lease, transfer and mortgage the land parcels and the buildings stated in Note 3 of the property;
 - (b) Golden Shield Textile (Jing Yang) Co., Ltd. is entitled to occupy the buildings stated in Note 4 but is not entitled to transfer, lease or mortgage such buildings in the market unless the relevant Building Ownership Certificates are obtained. There is no foreseeable legal impediments for the Group to obtain the Building Ownership Certificates;
 - (c) the property is free from any mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property; and
 - (d) there is no foreseeable legal impediments for the Group to obtain the revised State-owned Land Use Rights Certificates.

VALUATION CERTIFICATE

<u>Property</u>	<u>Description and Tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 May 2011</u>
2. The land and buildings of Yongle Warehouse located at Yongle Town Jingyang County Xianyang City Shaanxi Province the PRC (Opposite to Property No. 3)	<p>The property comprises a parcel of land together with 4 single-storey buildings and structures completed in about 2009 erected thereon.</p> <p>The site area and total gross floor area of the property are approximately 43,587.7 sq.m. and 10,227.44 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term expiring on 29 July 2044 for industrial use.</p>	The property at present is occupied by the Group for storage use.	<p>RMB18,510,000</p> <p>(equivalent to approximately HK\$22,230,000)</p> <p>Interest attributable to the Group</p> <p>100%</p> <p>Market Value in existing state attributable to the Group as at 31 May 2011</p> <p>RMB18,510,000</p> <p>(equivalent to approximately HK\$22,230,000)</p>

Notes:

- Pursuant to a State-owned Land Use Rights Certificate (Document No.: Jing Guo Yong (2002) No. A-062-02), the land use rights of the property were granted to Golden Shield Textile (Jing Yang) Co., Ltd. for a term expiring on 29 July 2044 for industrial use.
- Pursuant to an Asset Transfer Agreement entered into between Jingyang Cotton Company (Vendor) and Golden Shield Textile (Jing Yang) Co., Ltd. (Purchaser) dated 17 October 2007, the land use rights together with the buildings and structures erected thereon were transferred from the Vendor to the Purchaser at a consideration of RMB5,402,500.

3. Pursuant to four Building Ownership Certificates (Document Nos.: Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi Nos. 00006375-01 to 00006375-04), the ownership of the building portion of the property with a total gross floor area of approximately 10,227.44 sq.m. is vested in Golden Shield Textile (Jing Yang) Co., Ltd., the particulars are summarized as follows:

<u>Building Name</u>	<u>Approximate Gross Floor Area</u> (sq.m.)	<u>No. of storey</u>	<u>Building Ownership Certificate</u> (Document No.)
Cotton Godown	2,556.86	1	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006375-01
Cotton Godown	2,556.86	1	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006375-02
Cotton Godown	2,556.86	1	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006375-03
Cotton Godown	2,556.86	1	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006375-04
Total	<u>10,227.44</u>		

4. According to the information provided by the Group, Golden Shield Textile (Jing Yang) Co., Ltd. is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisers, Dacheng Law Offices, which contains, *inter alia*, the following information:
- (a) Golden Shield Textile (Jing Yang) Co., Ltd. is entitled to occupy, lease, transfer and mortgage the property in the market; and
 - (b) The land use rights of the property is subject to a mortgage in favour of Agricultural Development Bank of China (Jingyang Branch) dated 1 September 2010 at a loan amount of RMB6,850,000.

VALUATION CERTIFICATE

<u>Property</u>	<u>Description and Tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 May 2011</u>
3. The land and buildings of Yongle Production Plant erected thereon located at Yongle Industrial Park Jingyang Industrial Concentrated Area Yongle Town Jingyang County Xianyang City Shaanxi Province the PRC (Opposite to Property No. 2)	<p>The property comprises a parcel of land together with three single to six-storey buildings and structures completed in about 2009 erected thereon.</p> <p>The site area and the total gross floor area of the property are approximately 54,866 sq.m. and 18,107.99 sq.m. respectively.</p> <p>The land use rights of the property were granted for a term of 50 years expiring on 24 August 2060 for industrial use.</p>	The property at present is occupied by the Group for industrial, storage, dormitory and ancillary uses.	<p>RMB45,600,000</p> <p>(equivalent to approximately HK\$54,770,000)</p> <p>Interest attributable to the Group</p> <p>100%</p> <p>Market Value in existing state attributable to the Group as at 31 May 2011</p> <p>RMB45,600,000</p> <p>(equivalent to approximately HK\$54,770,000)</p>

Notes:

- Pursuant to an Agreement on Project Development entered into between People's Government of Jingyang County, Shaanxi Province (Party A) and Golden Shield Textile (Jing Yang) Co., Ltd. (Party B) dated 8 January 2007, the land use rights of the property with a site area of approximately 82.3 Mu (equivalent to approximately 54,866.94 sq.m.) were agreed to be granted by Party A to Party B at a total consideration of RMB2,775,500 without a stated land use rights term and permitted usage.
- Pursuant to a State-owned Land Use Rights Certificate (Document No.: Jing Guo Yong (2010) No. A-020), the land use rights of the property with a site area of approximately 54,866 sq.m. were granted to Golden Shield (Jing Yang) Co., Ltd. expiring on 24 August 2060 for industrial use.
- Pursuant to three Building Ownership Certificates (Document Nos.: Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi Nos. 00006374-01 to 00006374-03), the ownership of the building portion of the property with a total gross floor area of approximately 18,107.99 sq.m. is vested in Golden Shield Textile (Jing Yang) Co., Ltd, the particulars are summarized as follows:

<u>Building Name</u>	<u>Approximate Gross</u>		<u>Building Ownership Certificate</u> (Document No.)
	<u>Floor Area</u> (sq.m.)	<u>No. of storey</u>	
Workshop	12,201.6	1	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006374-01
Godown	1,436.39	1	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006374-02
Staff Dormitory	4,470	6	Xian Yang Shi Fang Quan Zheng Jing Yang Xian Zi No. 00006374-03
Total	18,107.99		

4. According to the information provided by the Group, Golden Shield Textile (Jing Yang) Co., Ltd. is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisers, Dacheng Law Offices, which contains, *inter alia*, the following information:
 - (a) Golden Shield Textile (Jing Yang) Co., Ltd. is entitled to occupy, lease, transfer and mortgage the property in the market; and
 - (b) the property is free from any mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property.

VALUATION CERTIFICATE

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

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2011
4. The lands and buildings of Dali Production Plant located at No. 11 Dongxin Street Dali County Weinan City Shaanxi Province the PRC	<p>The property comprises 12 parcels of land together with 33 single to 3-storey buildings and structures completed in between 1960s and 2000s erected thereon.</p> <p>The total site area and total gross floor area of the property are approximately 134,011.58 sq.m. and 43,675.11 sq.m. respectively.</p> <p>The land use rights of the property were granted to the Lessor for a term expiring on 14 April 2059 for industrial use.</p>	<p>The property is leased by a connected party to Golden Shield Textile (Jing Yang) Co., Ltd. for a term of 20 years commencing on 5 August 2009 and expiring on 4 August 2029 without any rental payable.</p> <p>The property at present is occupied by the Group for industrial and ancillary uses.</p>	No commercial value

Notes:

1. Pursuant to 12 State-owned Land Use Rights Certificates (Document Nos.: Li Guo Yong (2009) Nos. 01221 to 01232), the land use rights of the property with a total site area of approximately 134,011.58 sq.m. were granted to Shaanxi Golden Shield Textile Co., Ltd. for a term expiring on 14 April 2059 for industrial use.
2. Pursuant to two Building Ownership Certificates (Document Nos.: Li Fang Quan Zheng Deng You Zi No. 4948 and Li Fang Quan Zheng Deng You Zi No. Fu 4948), the ownership of the building portion of the property with a total gross floor area of approximately 43,675.11 sq.m. is vested in Shaanxi Golden Shield Textile Co., Ltd.
3. According to the information provided by the Group, the lessor, Shaanxi Golden Shield Textile Co., Ltd., is a connected party. It is a company established in the PRC and owned by Mr Chen, the managing director of the Company and Mr. Lin, a non-executive director of the Company.
4. According to the information provided by the Group, Golden Shield Textile (Jing Yang) Co., Ltd. is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisers, Dacheng Law Offices, which contains, *inter alia*, the following information:
 - (a) the lessor is the current registered owner of the property and is entitled to lease the property to Golden Shield Textile (Jing Yang) Co., Ltd. Thus, the tenancy agreement entered into between the Lessor and Golden Shield Textile (Jing Yang) Co., Ltd. is valid and legally effective;
 - (b) the tenancy has not been duly registered; and
 - (c) the property is free from any mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property.

VALUATION CERTIFICATE

<u>Property</u>	<u>Description and Tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 31 May 2011</u>
5. The lands and buildings of Guang Hua Production Plant located at Xuzhuang Town Dali County Weinan City Shaanxi Province the PRC	<p>The property comprises two parcels of land together with 15 single-storey buildings and structures completed in between 1970s and 2000s erected thereon.</p> <p>The total site area and total gross floor area of approximately 190,485.1 sq.m. and 37,839.04 sq.m. respectively.</p> <p>The land use rights of the property were granted to the Lessor for a term expiring on 14 April 2059 for industrial use.</p>	<p>The property is leased by a connected party to Golden Shield Textile (Jing Yang) Co., Ltd. for a term of 20 years commencing on 5 August 2009 and expiring on 4 August 2029 without any rental payable.</p> <p>The property at present is occupied by the Group for industrial and ancillary uses.</p>	No commercial value

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates (Document Nos.: Li Guo Yong (2009) No. 01233 and 01234), the land use rights of the property with a total site area of approximately 190,485.1 sq.m. were granted to Shaanxi Golden Shield Textile Co., Ltd. for a term expiring on 14 April 2059 for industrial use.
2. Pursuant to a Building Ownership Certificate (Document No.: Li Fang Quan Zheng Deng You Zi No. 11153), the ownership of the building portion of the property with a total gross floor area of approximately 37,839.04 sq.m. is vested in Shaanxi Golden Shield Textile Co., Ltd.
3. According to the information provided by the Group, the lessor, Shaanxi Golden Shield Textile Co., Ltd., is a connected party. It is a company established in the PRC and owned by Mr. Chen, the managing director of the Company and Mr. Lin, a non-executive director of the Company.
4. According to the information provided by the Group, Golden Shield Textile (Jing Yang) Co., Ltd. is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisers, Dacheng Law Offices, which contains, *inter alia*, the following information:
 - (a) the lessor is the current registered owner of the property and is entitled to lease the property to Golden Shield Textile (Jing Yang) Co., Ltd. Thus, the tenancy agreement entered into between the lessor and Golden Shield Textile (Jing Yang) Co., Ltd. is valid and legally effective;
 - (b) the tenancy has not been duly registered; and
 - (c) the property is free from any mortgages, charges, orders and other legal encumbrances which may cause adverse effects on the ownership of the property.

VALUATION CERTIFICATE

Group III – Property interest leased by the Group in Hong Kong

Property	Description	Particulars of occupancy	Market Value in existing state as at 31 May 2011
6. Unit 1003 10th Floor No. 69 Jervois Street Hong Kong	<p>The property comprises a unit on 10th Floor of a 32-storey office building completed in 1999.</p> <p>The saleable area of the property is approximately 629 sq.ft.</p>	<p>The property is leased to the Group by an independent third party for a term of two years commencing on 16 May 2011 and expiring on 15 May 2013 at a monthly rent of HK\$11,951 exclusive of management fee, government rates and other operating outgoings.</p> <p>The property at present is occupied by the Group for office use.</p>	No commercial value

Notes:

1. Pursuant to the Land Register, the current registered owner of the property is the lessor, Forever Sky Investments Limited.
2. The property is subject to a mortgage in favour of Hang Seng Bank Limited vide a memorial no. 11021402780147 dated 18 January 2011.
3. The property is subject to a rental assignment in favour of Hang Seng Bank Limited vide a memorial no. 11021402780157 dated 18 January 2011.
4. According to the information provided by the Group, the lessor is an independent third party not connected with, and is independent of, any of the directors of the Group or any of their respective associates.