

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 31 May 2011 of the property interests of the Group.



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30 June 2011

The Board of Directors
Prince Frog International Holdings Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the properties in which Prince Frog International Holdings Limited (the “Company”) and its subsidiary (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 31 May 2011 (the “date of valuation”).

Our valuation of each 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 of the properties in Group I and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the property interests have therefore been valued on the basis of their 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 deduction 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 company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, and particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, 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—Jingtian & Gongcheng, 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. 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 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 summarised 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 interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 May 2011 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 31 May 2011 RMB
1.	A parcel of land, a building and a warehouse No. 8 North Huancheng Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	23,587,000	100%	23,587,000
2.	A parcel of land and a 5-storey industrial building located at the northern side of Hengqi Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	81,068,000	100%	81,068,000
Sub-total:		<u><u>104,655,000</u></u>		<u><u>104,655,000</u></u>

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

No.	Property	Capital value in existing state as at 31 May 2011 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 31 May 2011 RMB
3.	A warehouse located at the junction of 107 National Road and Zhengwei Road Zhengzhou City Henan Province The PRC	No commercial value	100%	No commercial value
4.	A warehouse and 2 rooms located at Kaitong Logistics Base Xinghe Road Xiejiazhuang Village Taihe Town Baiyun District Guangzhou City Guangdong Province The PRC	No commercial value	100%	No commercial value

APPENDIX IV**PROPERTY VALUATION**

No.	Property	Capital value in existing state as at 31 May 2011 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 31 May 2011 RMB
5.	A warehouse located at Nandao Village Linxi Shiyi Road Linyi City Shandong Province The PRC	No commercial value	100%	No commercial value
6.	A warehouse located at Suwang Village Baqiao District Xi'an City Shaanxi Province The PRC	No commercial value	100%	No commercial value
7.	5 buildings No. 8 North Huancheng Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	No commercial value	100%	No commercial value
8.	A parcel of land and 6 buildings No. 8 North Huancheng Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	Nil		Nil
	Grand total:	104,655,000		104,655,000

VALUATION CERTIFICATE

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

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
1.	A parcel of land, a building and a warehouse No. 8 North Huancheng Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 18,769 sq.m. and a 4-storey warehouse and a 6-storey dormitory erected thereon which were completed in 2009 and 2011. The warehouse has a gross floor area of approximately 11,215.85 sq.m. and the dormitory has a gross floor area of approximately 6,264.36 sq.m. The land use rights of the property have been granted for a term with the expiry date on 25 February 2059 for industrial use.	The property is currently occupied by the Group for storage and staff quarters purposes.	23,587,000 100% interest attributable to the Group: RMB23,587,000

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. (“Prince Frog (China)”) is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. 35060320090223G002, the land use rights of a parcel of land with a site area of approximately 18,769 sq.m. were contracted to be granted to Prince Frog (China) for a term of 50 years for industrial use. The land premium was RMB4,729,788.
3. Pursuant to a State-owned Land Use Rights Certificate—Zhang Guo Yong (2010 Lan Zi) Di No. 007 (漳國用2010藍字第007號), the land use rights of a parcel of land with a site area of approximately 18,769 sq.m. have been granted to Prince Frog (China) for a term expiring on 25 February 2059 for industrial use.
4. Pursuant to 2 Building Ownership Certificates—Zhang Fang Quan Zheng Long Zi Di Nos. 02007677 and 02007678(漳房權證龍字第02007677和02007678號), 2 buildings with a total gross floor area of approximately 17,480.21 sq.m. are owned by Prince Frog (China).
5. 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:
 - a. Before the expiry date stated in the aforesaid State-owned Land Use Rights Certificate, Prince Frog (China) has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property without any approval, permission or consent from government department/organisation;

- b. Prince Frog (China) has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the building ownership rights of the property without any approval, permission or consent from government department/organisation;
- c. The property is neither subject to any guarantee, mortgage, sequestration nor other right restriction; and
- d. The property is neither subject to expropriation, lawsuit, dispute, nor other circumstances that may have material adverse effect on it.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
2.	A parcel of land and a 5-storey industrial building located at the northern side of Hengqi Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 64,726 sq.m. and a 5-story industrial building erected thereon which was completed in 2010.</p> <p>The building has a gross floor area of approximately 55,853.93 sq.m.</p> <p>The land use rights of the property have been granted for a term with the expiry date on 25 February 2059 for industrial use.</p>	The property is currently occupied by the Group for production purpose.	<p>81,068,000</p> <p>100% interest attributable to the Group: RMB81,068,000</p>

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. ("Prince Frog (China)") is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. 35060320090223G001, the land use rights of a parcel of land with a site area of approximately 64,726 sq.m. were contracted to be granted to Prince Frog (China) for a term of 50 years for industrial use. The land premium was RMB16,310,952.
3. Pursuant to a State-owned Land Use Rights Certificate—Zhang Guo Yong (2010 Lan Zi) Di.No. 008 (漳國用2010藍字第008號), the land use rights of the property with a site area of approximately 64,726 sq.m. have been granted to Prince Frog (China) for a term expiring on 25 February 2059 for industrial use.
4. Pursuant to a Building Ownership Certificate—Zhang Fang Quan Zheng Long Zi Di No. 02007376 (漳房權證龍字第02007376號), a building with a gross floor area of approximately 55,853.93 sq.m. is owned by Prince Frog (China).
5. 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:
 - a. Before the expiry date stated in the aforesaid State-owned Land Use Rights Certificate, Prince Frog (China) has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property without any approval, permission or consent from government department/organisation;
 - b. Prince Frog (China) has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the building ownership rights of the property without any approval, permission or consent from government department/organisation;

- c. The property is neither subject to any guarantee, mortgage, sequestration nor other right restriction; and
- d. The property is neither subject to expropriation, lawsuit, dispute, nor other circumstances that may have material adverse effect on it.

VALUATION CERTIFICATE

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

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
3.	A warehouse located at the junction of 107 National Road and Zhengwei Road Zhengzhou City Henan Province The PRC	<p>The property comprises a single storey warehouse completed in about 2004.</p> <p>The property has a lettable area of approximately 1,133 sq.m.</p> <p>The property is leased to the Group for a term commencing from 1 November 2010 and expiring on 30 September 2012 at a monthly rent of RMB11 per sq.m., exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for storage purpose.	No commercial value

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. (“Prince Frog (China)”) is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Prince Frog (China) from Henan Province Commercial Building Co., Ltd. (河南省商城大廈有限責任公司) (“Henan Commercial”, an independent third party) for a term commencing from 1 November 2010 and expiring on 30 September 2012 at a monthly rent of RMB12,463, exclusive of water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Henan Commercial has not obtained any construction permits and approvals pertaining to the property. As a result of such title defects, the Tenancy Agreement mentioned in note 2 may be considered as invalid under the PRC laws and Prince Frog (China) may be required to cease occupation and usage of the property;
 - b. Pursuant to a Confirmation Letter dated 21 February 2011 issued by Henan Commercial, Henan Commercial will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the property; and
 - c. The aforesaid Confirmation Letter complies with the PRC laws and is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
4.	A warehouse and 2 rooms located at Kaitong Logistics Base Xinghe Road Xiejiazhuang Village Taihe Town Baiyun District Guangzhou City Guangdong Province The PRC	<p>The property comprises a single storey warehouse and 2 rooms completed in about 2004.</p> <p>The warehouse has a lettable area of approximately 460 sq.m. and the rooms have a total estimated area of approximately 39 sq.m.</p> <p>The property is leased to the Group for a term commencing from 1 December 2010 and expiring on 30 November 2011 at a monthly rent of RMB19 per sq.m. for warehouse and RMB500 for dormitory, exclusive of management fees, water and electricity charges.</p>	The property is currently occupied by the Group for storage and dormitory purposes.	No commercial value

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. ("Prince Frog (China)") is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Prince Frog (China) from Guangzhou Branch of Shenzhen Kaitong Logistics Co., Ltd. (深圳市凱通物流有限公司廣州分公司) ("Shenzhen Kaitong", an independent third party) for a term commencing from 1 December 2010 and expiring on 30 November 2011 at a monthly rent of RMB19 per sq.m. for warehouse and RMB500 for dormitory, exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. The land (on which the property is located) is of collectively-owned nature, but Shenzhen Kaitong has not obtained any approvals from the owner of the land in accordance with the PRC laws and regulations for its lease activity. As a result of such defects, the Tenancy Agreement mentioned in note 2 is invalid;
 - b. Pursuant to a Confirmation Letter dated 28 February 2011 issued by Shenzhen Kaitong, Shenzhen Kaitong will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the property; and
 - c. The aforesaid Confirmation Letter complies with the PRC laws and is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
5.	A warehouse located at Nandao Village Linxi Shiyi Road Linyi City Shandong Province The PRC	The property comprises a single storey warehouse completed in about 2005. The property has a lettable area of approximately 1,200 sq.m. The property is leased to the Group for a term commencing from 4 November 2010 and expiring on 31 December 2011 at a monthly rent of RMB9 per sq.m., exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for storage purpose.	No commercial value

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. ("Prince Frog (China)") is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Prince Frog (China) from Shandong Lichen Logistics Co., Ltd. (山東立晨物流股份有限公司) ("Shandong Lichen", an independent third party) for a term commencing from 4 November 2010 and expiring on 31 December 2011 at a monthly rent of RMB9 per sq.m., exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Shandong Lichen leased a warehouse from Linyi Shi Sheng Fa Wood Industry Company Limited and subleased a portion of this warehouse with a gross floor area of approximately 1,200 sq.m. (namely the property) to Prince Frog (China). Shandong Lichen has not obtained any consent that Shandong Lichen has the rights to sublease the property. As a result of such defects, the Tenancy Agreement mentioned in note 2 is invalid;
 - b. Pursuant to a Confirmation Letter dated 28 February 2011 issued by Shandong Lichen, Shandong Lichen will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the property; and
 - c. The aforesaid Confirmation Letter complies with the PRC laws and is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
6.	A warehouse located at Suwang Village Baqiao District Xi'an City Shaanxi Province The PRC	The property comprises a single storey warehouse completed in about 2006. The property has a lettable area of approximately 600 sq.m. The property is leased to the Group, for a term commencing from 1 August 2010 and expiring on 31 July 2011 for storage use. The monthly rent is RMB15.65 per sq.m. for the first 6 months and RMB14 per sq.m. for the second 6 months, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for storage purpose.	No commercial value

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. ("Prince Frog (China)") is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Prince Frog (China) from Shaanxi Yuesheng Science and Trading Co., Ltd. (陝西悅盛科工貿有限公司) ("Shaanxi Yuesheng", an independent third party) for a term commencing from 1 August 2010 and expiring on 31 July 2011 for storage use. The monthly rent is RMB15.65 per sq.m. for the first 6 months and RMB14 per sq.m. for the second 6 months, exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Shaanxi Yuesheng has not obtained any construction permits and approvals pertaining to the property. As a result of such title defects, the Tenancy Agreement mentioned in note 2 may be considered as invalid under the PRC laws and Prince Frog (China) may be required to cease occupation and usage of the property;
 - b. Pursuant to a Confirmation Letter dated 17 February 2011 issued by Shaanxi Yuesheng, Shaanxi Yuesheng will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the property; and
 - c. The aforesaid Confirmation Letter complies with the PRC laws and is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
7.	5 buildings No. 8 North Huancheng Road Longwen Industrial Development Zone Zhangzhou City Fujian Province The PRC	The property comprises an office building, 2 industrial buildings, a warehouse and an ancillary building which were completed in 2004. The buildings have a total gross floor area of approximately 9,251 sq.m.	The property is currently occupied by the Group for office, production and storage purposes.	No commercial value
		The property is leased to the Group for a term of 3 years expiring on 31 December 2012 at a total monthly rent of RMB53,317.5 exclusive of management fees, water and electricity charges.		

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. (“Prince Frog (China)”) is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement dated 1 January 2010 and a Supplemental Agreement dated 26 January 2011 entered into between Prince Frog (China) and Fujian Shuangfei Daily Chemicals Co., Ltd. (福建雙飛日化有限公司, “Fujian Shuangfei”, a connected party to the Group), the property with a total gross floor area of approximately 9,251 sq.m. is leased to Prince Frog (China) for a term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012 at a monthly rent of RMB53,317.5, exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the agreements to the property issued by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. 3 buildings of the property with a total gross floor area of approximately 6,765 sq.m. (“Part A”) are owned by Fujian Shuangfei pursuant to a Building Ownership Certificate—Zhang Fang Quan Zheng Long Zi Di No. 02002669 (漳房權證龍字第02002669號); Fujian Shuangfei has the rights to lease these buildings to Prince Frog (China) and the lease relating Part A is legal, valid and enforceable;
 - b. For the remaining 2 buildings of the property with a total gross floor area of approximately 2,486 sq.m. (“Part B”), Fujian Shuangfei has not obtained any construction permits and title documents pertaining to Part B; as a result of such

title defects, the lease relating to Part B may be considered as invalid under the PRC laws and Prince Frog (China) may be required to cease occupation and usage of these buildings;

- c. Pursuant to a Confirmation Letter dated 21 February 2011 issued by Fujian Shuangfei, Fujian Shuangfei will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the property;
- d. The aforesaid Confirmation Letter complies with the PRC laws and is legal, valid and enforceable; and
- e. Lack of lease registration would not affect the validity of the agreements. However, the relevant parties of the lease may be ordered to rectify this non-compliance within a prescribed period by the competent authority. If such non-compliance can not be rectified in due course, a fine of RMB1,000 to RMB10,000 may be imposed on the relevant parties.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2011 RMB
8.	A parcel of land and 6 buildings No. 8 North Huancheng Road Longwen Industrial Development Zone Zhangzhou City Fujian Province PRC	The property comprises a parcel of land with a site area of approximately 12,255 sq.m., and 2 office buildings, 2 industrial buildings and 2 warehouses erected thereon which were completed in 2003 and 2005. The buildings have a total gross floor area of approximately 5,560 sq.m. The property is leased to the Group for terms expiring on 31 December 2012 and 1 December 2014 at a total monthly rent of RMB48,802 exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office, production and storage purposes.	No commercial value

Notes:

1. Frog Prince (China) Daily Chemicals Co., Ltd. ("Prince Frog (China)") is an indirectly wholly owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement dated 24 November 2004 entered into between Zhangzhou Shi Mingxin Pile & Foundation Engineering Co., Ltd. (漳州市明欣樁基礎工程有限公司, "Mingxin", an independent third party) and Fujian Shuangfei Daily Chemicals Co., Ltd. (福建雙飛日化有限公司, "Fujian Shuangfei", a connected party to the Group), (a) a parcel of land with a site area of approximately 12,255 sq.m. (including 2 buildings with a total gross floor area of approximately 714 sq.m. erected thereon) is leased to Fujian Shuangfei for a term commencing from 1 December 2004 and expiring on 1 December 2014 at a monthly rent of RMB1.8 per sq.m. (RMB22,059 per month); and (b) Fujian Shuangfei has the rights to construct production facilities on the aforesaid land for its business operation.
3. Pursuant to a Supplemental Agreement dated 31 December 2009 entered into between Prince Frog (China), Fujian Shuangfei and Mingxin, Fujian Shuangfei has agreed to transfer its rights and obligations under the Tenancy Agreement stated in note 2 to Prince Frog (China) since 1 January 2010.
4. Pursuant to a Tenancy Agreement dated 14 February 2011 entered into between Prince Frog (China), Fujian Shuangfei and Mingxin, 4 buildings of the property with a total gross floor area of approximately 4,846 sq.m. are leased to Prince Frog (China) for a term commencing from 1 January 2010 and expiring on 1 December 2014 at a monthly rent of RMB26,743, exclusive of management fees, water and electricity charges.

5. We have been provided with a legal opinion on the legality of the agreements to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Fujian Shuangfei has not obtained any construction permits and title documents pertaining to the buildings mentioned in note 4; as a result of such title defects, the relevant lease may be considered as invalid under the PRC laws and Prince Frog (China) may be required to cease occupation and usage of these buildings;
 - b. Pursuant to a Confirmation Letter dated 21 February 2011 issued by Fujian Shuangfei, Fujian Shuangfei will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the buildings mentioned in note 4;
 - c. Since Mingxin has not developed and used the land in accordance with relevant land grant contract, the lease activity that Mingxin leased relevant land and buildings to Prince Frog (China) violates the PRC laws and regulations. As a result of such defects, the relevant lease is invalid;
 - d. Pursuant to a Confirmation Letter dated 21 February 2011 issued by Mingxin, Mingxin will be responsible for, and fully and immediately indemnify the Group against, all liabilities and losses arising from any disputes, claims or penalties in connection with the title defects of the land and buildings mentioned in note 2; and
 - e. The aforesaid Confirmation Letters comply with the PRC laws and are legal, valid and enforceable.