

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospect received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation as at 31 March 2011 of the property interests held, leased or intended to be acquired by Courage Marine Group Limited and its subsidiaries.



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21 June 2011

The Board of Directors

Courage Marine Group Limited

Suite 1801, West Tower Shun Tak Centre,
200 Connaught Road Central,
Hong Kong

Dear Sirs,

INSTRUCTIONS

We were instructed by Courage Marine Group Limited (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests held or intended to be acquired by the Group located in Hong Kong and the People’s Republic of China (the “PRC”). We confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 March 2011 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of each of the property interests is our opinion of its 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”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property interest is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

We have valued the property interests in Groups I, II and III, which are held by the Group for occupation and investment in Hong Kong and intended to be acquired by the Group in the PRC, by using the Direct Comparison Approach by making reference to the comparable market transactions as available and where appropriate, on the basis of capitalization of the net income shown on the documents handed to us. We have allowed for outgoings and, in appropriate case, made provisions for reversionary income potential.

In valuing the property interests in Groups IV and V, which are leased by the Group in Republic of China and the PRC, we have attributed no commercial value to the property interests due to inclusion of non-alienation clause or otherwise due to lack of substantial profit rent or short term nature as at the Valuation Date.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

VALUATION ASSUMPTIONS

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the properties interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the property interests have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the property interests for the whole of the respective unexpired terms as granted.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interests. We have also caused searches to be made at the Hong Kong Land Registry in respect of Hong Kong property and made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group and the Company's PRC legal adviser, Tian Yuan Law Firm, concerning the validity of the Group's title to the property interests.

LIMITING CONDITIONS

We have inspected the exterior and, wherever possible, the interior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made. In the course of our inspection, we did not notice any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No test was carried out on any of the services. Our valuation has been made on the basis that there is no substantial change in the physical conditions of the properties between the Valuation Date and the date of our inspection.

We have not carried out detailed on-site measurement to verify the correctness of the site areas in respect of the property interests but have assumed that the site areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate. No on-site measurement has been taken.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses 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 its value.

EXCHANGE RATE

We have valued the property interests in United States Dollar (US\$). The conversion of Renminbi (RMB) into US\$ and Hong Kong Dollar (HK\$) are based on the factors of RMB1 to US\$0.1530 and HK\$1 to US\$0.1285 respectively with reference to the prevailing exchange rates on the Valuation Date.

Our summary of values and valuation certificates are herewith attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Leo S. D. Cheung
MHKIS, MRICS, RPS(GP), MFin, MSc, BSc
Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 19 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Leo S. D. Cheung is a Registered Professional Surveyor (GP) with over 15 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Mr. Cheung is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

SUMMARY OF VALUES**Group I – Property interest held by the Group for occupation in Hong Kong**

Property	Market Value in existing state as at 31 March 2011 US\$
1 Unit No.1801 (exclusive of the leased portion) on 18th Floor of West Tower Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong	3,059,000
Sub-total:	<u>3,059,000</u>

Group II – Property interest held by the Group for investment in Hong Kong

Property	Market Value in existing state as at 31 March 2011 US\$
2 Leased portion of Unit No.1801 on 18th Floor of West Tower Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong	1,992,000
Sub-total:	<u>1,992,000</u>

Group III – Property interest intended to be acquired by the Group in the PRC

Property	Market Value in existing state as at 31 March 2011 US\$
3 An Industrial Complex located at East Side of Huaqing Road Qingpu Industrial Park Qingpu District Shanghai the PRC	11,138,000
Sub-total:	<u>11,138,000</u>

Group IV – Property interest leased by the Group in Republic of China

Property		Market Value in existing state as at 31 March 2011 US\$
4	Unit B, 5th Floor, Transworld Commercial Center, No.2, Section 2 of Nanking East Road, Taipei, Republic of China	No commercial value

Sub-total:		_____ Nil.

Group V – Property interest leased by the Group in the PRC

Property		Market Value in existing state as at 31 March 2011 US\$
5	Room 1, Unit 19D, No.137, Xianxia Road, Changning District, Shanghai, the PRC	No commercial value

Sub-total:		_____ Nil.
Total:		16,189,000
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VALUATION CERTIFICATE

Group I – Property interest by the Group for occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 US\$
1. Unit No.1801 (exclusive of the leased portion) on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	<p>The property comprises an office unit with a gross floor area of approximately 143.00 sq.m (1,539 sq.ft.) on 18th floor of a 30-storey office building completed in about 1986.</p> <p>The property is held under a New Grant for a term of 75 years commencing from 31 December 1980 with a renewal of a further 75 years.</p>	The property is currently occupied by the Group for office uses.	3,059,000

Notes:

1. The registered owner of the property is Courage Marine Property Investment Limited, a wholly-owned subsidiary of the Company.
2. The property is subject to Deed of Mutual Covenant dated 4 March 1986 vide memorial no. UB3018018.

VALUATION CERTIFICATE

Group II – Property interest held by the Group for investment in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 US\$
2. Leased portion of Unit No.1801 on 18th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road, Central, Hong Kong	<p>The property comprises an office unit with a gross floor area of approximately 92.90 sq.m. (1,000 sq.ft.) on 18th floor of a 30-storey office building completed in about 1986.</p> <p>The property is held under a New Grant for a term of 75 years commencing from 31 December 1980 with a renewal of a further 75 years.</p>	The property is currently subject to a tenancy agreement for a term commencing from 1 September 2010 and expiring on 30 August 2013 at a monthly rental of HK\$28,000.	1,992,000

Notes:

1. The registered owner of the property is Courage Marine Property Investment Limited, a wholly-owned subsidiary of the Company.
2. The property is subject to Deed of Mutual Covenant dated 4 March 1986 vide memorial no. UB3018018.
3. Pursuant to a Tenancy Agreement entered into between Courage Marine Property Investment Limited (the “Landlord”) and First U.S. Capital Limited (the “Tenant”), the property with a gross floor area of approximately 92.90 sq.m. is leased to the Tenant for a term commencing on 1 September 2010 and expiring on 30 August 2013 at a monthly rental of HK\$28,000, inclusive of government rents and rates.

VALUATION CERTIFICATE

Group III – Property interest to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 US\$
3. An Industrial Complex located at East Side, Huaqing Road, Qingpu Industrial Park, Qingpu District, Shanghai, the PRC	<p>The property comprises an industrial complex with a total gross floor area of approximately 17,877.00 sq.m. (192,428 sq.ft.) erected on a parcel of land with a site area of approximately 9,213.16 sq.m (99,170 sq.ft.) completed in 2011.</p> <p>The land use rights of the property were granted for a term of 50 years commencing from 15 June 2007 and expiring on 14 June 2057 for industrial uses.</p>	The property is vacant.	11,138,000

Notes:

- Pursuant to a Real Estate Title Certificate – Hu Fang Di Qing Zi (2008) Di No. 010072 issued by Shanghai Housing and Land Resources Administrative Bureau dated 10 October 2008, the land use rights of the property with a site area of approximately 9,213.00 sq.m were granted to Shanghai Yuejia Metal Industrial Company Limited (上海悦嘉金屬工業有限公司) (“Shanghai Yuejia”) for a term of 50 years commencing from 15 June 2007 and expiring on 14 June 2057 for industrial uses.
- We have been provided with a legal opinion on the legality regarding to the property interest issued by the Group’s PRC legal advisors, which contains, inter alia, the following:
 - the land use rights of the property is legally held by Shanghai Yuejia;
 - the land grant premium of the property has been settled in full;
 - there is no legal impediment for Shanghai Yuejia to obtain Real Estate Title Certificate for the building ownership of the property;
 - Shanghai Yuejia is entitled to transfer, lease, mortgage or dispose of the property freely in the market under the PRC laws; and
 - the property is free from any mortgages or third parties’ encumbrances.

VALUATION CERTIFICATE

Group IV – Property interest leased by the Group in Republic of China

Property	Description and Tenancy Details	Particulars of occupancy	Market value in existing state as at 31 March 2011 US\$
4. Unit B, Portions of 5th Floor, Transworld Commercial Center, No.2, Section 2 of Nanking East Road, Taipei, Republic of China	<p>The property comprises an office unit with a gross floor area of approximately 163.69 sq.m. (1,762 sq.ft.) on 5th floor of 15-storey commercial building completed in around 1986.</p> <p>The property is leased to the Group from Cathay Life Insurance Co., Ltd. (國泰人壽保險股份有限公司), an independent third party, for a term commencing from 1 January 2011 and expiring on 30 June 2011 at a monthly rental of NT\$261,904.</p>	The property is currently rented by the Group for office uses.	No commercial value

Notes:

- Pursuant to a Tenancy Agreement entered into between Cathay Life Insurance Co., Ltd (the “Landlord”) and 勇利新友船務代理有限公司 (the “Tenant”), the property with a gross floor area of approximately 163.69 sq.m. is leased to the Tenant for a term commencing from 1 January 2011 and expiring on 30 June 2011 at a monthly rental of NT\$261,904.

VALUATION CERTIFICATE

Group V – Property interest rented by the Group in the PRC

Property	Description and Tenancy Details	Particulars of occupancy	Market value in existing state as at 31 March 2011 US\$
5. Room 1, Unit 19D, No.137, Xianxia Road, Changning District, Shanghai, the PRC	<p>The property comprises an office unit with a gross floor area of approximately 120.00 sq.m. (1,292 sq.ft.) on 19th floor of a 23-storey commercial building completed in about 2004.</p> <p>The property is leased to the Group from Chou Hsiu-Ma (周秀曼), a connected party, for a term of 1 year commencing from 1 January 2010 and expiring on 31 December 2011 at a monthly rental of RMB5,868 plus US\$1,338.5.</p>	The property is currently rented by the Group for office uses.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Chou Hsiu-Ma (周秀曼) (the “Landlord”) and Shanghai Branch of Hong Kong Courage Marine Holding Limited (香港勇利航業(控股)有限公司上海代表處) (the “Tenant”), the property with a gross floor area of approximately 120.00 sq.m. is leased to the Tenant for a term commencing from 1 January 2010 and expiring on 31 December 2011 at a monthly rental of RMB5,868 plus US\$1,338.5.
2. We have been provided with a legal opinion on the legality regarding to the property interest issued by the Group’s PRC legal advisors, which contains, inter alia, the following:
 - (i) the property is legally held by the Landlord;
 - (ii) the Landlord has the legal rights to lease the property to the Tenant;
 - (iii) the tenancy agreement is valid and enforceable under the PRC’s Laws; and
 - (iv) the tenancy agreement has not been registered but this will not affect the validity of the tenancy agreement.