

APPENDIX IX

VALUATION REPORT ON PROPERTIES  
OF THE PRC TARGET

*The following is the text of a letter and the valuation certificate prepared for the purpose of incorporation in this circular received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, in connection with its valuation as at 29 February 2016 of the property interests held by the PRC Target.*



利駿行測量師有限公司  
LCH (Asia-Pacific) Surveyors Limited  
PROFESSIONAL SURVEYOR  
PLANT AND MACHINERY VALUER  
BUSINESS & FINANCIAL ASSETS VALUER

*The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the International Valuation Standard 2013 (the "IVS") published by the International Valuation Standards Council as well as the HKIS Valuation Standards 2012 Edition (the "HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS"). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader's identification purpose only and have no legal status or implication in this report. This report was prepared and signed off in English format, translation of this report in language other than English shall only be used as a reference and should not be regarded as a substitution to this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference.*

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[●]

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Dear Sirs,

In accordance with the instructions given by the present management of Shun Cheong Holdings Limited (hereinafter referred to as the "**Instructing Party**") to us to conduct an agreed-upon procedures valuation of various *real properties* (same as the word "*properties*" in this report) proposed to be acquired by Shun Cheong Holdings Limited (hereinafter referred to as the "**Company**") and its subsidiaries (collectively, together with the Company hereinafter referred to as the "**Group**") in the People's Republic of China (hereinafter referred to as the "**PRC**" or "**China**"), we confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary to support our findings and our conclusion of value of the property interests as at 29 February 2016 (hereinafter referred to as the "**Valuation Date**") for the Company's internal management reference purpose. We are given to understand the real properties are currently held by 錫林郭勒盟宏博礦業開發有限公司 (translated as Xilin Gol League Hongbo Mining Development Company Limited hereinafter referred to as "**Target Group**") and the Group will inject capital to the Target Group.

We understand that the use of our work product (regardless of form of presentation) will form part of the Instructing Party's due diligence but we have not been engaged to make specific sale or purchase recommendations, or give opinion for financing arrangement. We further understand that the use of our work product will not supplant other due diligence which the management of the Instructing Party should conduct in reaching its business decision regarding the properties valued. Our work is designed solely to provide information that will give the Instructing Party a reference in its due diligence process, and our work should not be the only factor to be referenced by the Instructing Party. Our findings and conclusion of value of the property interests are documented in a valuation report and submitted to the Instructing Party at today's date (hereinafter referred to as the "**Report Date**").

At the request of the Instructing Party, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion of value as documented in the valuation report for the purpose of inclusion in this circular at Report Date for the Instructing Party's reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in the valuation report also apply to this summary report.

**BASIS OF VALUATION AND ASSUMPTIONS**

According to the IVS which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, we have provided our conclusion of value of the properties on the market value basis.

The term "Market Value" is defined by the IVS and the HKIS Standards as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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Our valuations of the real properties have been made on the assumptions that, as at the Valuation Date,

1. the legally interested party in each of the property has free and uninterrupted rights to assign its relevant property interests for the whole of the unexpired terms as granted, and any premium payable have already been fully paid; and
2. the legally interested party in each of the property sells its relevant property interests in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the property interest.
3. the legally interested party in each of the property has absolute title to its relevant property interest;
4. the legally interested party in each of the property has obtained relevant government's approvals for the sale of the property and are able to dispose of and transfer free of all encumbrances (including but not limited to the cost of transaction) in the market; and
5. each of the property can be freely disposed of and transferred free of all encumbrances as at the Valuation Date for its existing use in the market to both local and overseas purchasers without payment of any premium to the government.

Should any of the above not be the case, it will have adverse impact to the values as reported.

**APPROACH TO VALUE**

There are three generally accepted approaches in arriving at the market value of a property on an absolute title basis, namely the Sales Comparison Approach (or known as the Market Approach), the Cost Approach and the Income Approach.

In valuing the properties, we have adopted the depreciated replacement cost ("DRC") approach. The DRC approach is a procedural valuation approach and an application of the Cost Approach in valuing specialised properties like these properties that there is no readily identifiable market sale comparable and the building cannot be valued by comparable market transactions. The use of this approach requires an estimate of the market value of the land use rights for its existing use, and an estimate of the new replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the properties. The land use right of these properties has been determined from market-based evidences by analysing similar sales or offerings of comparable properties.

The valuations of these properties are on the assumption that the properties are subject to the test of adequate potential profitability of the business having due regard to the value of the total assets employed and the nature of the operation.

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By using this approach, the land should be assumed to have the benefit of planning permission for the replacement of the existing buildings and it is always necessary when valuing the land, to have regard to the manner in which the land is developed by the existing buildings and site works, and the extent to which these realise the full potential value of the land. When considering a notional replacement site, it should normally be regarded as having the same physical and location characteristics as the actual site, other than characteristics of the actual site which are not relevant, or are of no value, to the existing use. In considering the buildings, the gross replacement cost of the buildings should take into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, at the valuation date, fit for and capable of being occupied and used for the current use. These costs to be estimated are not to erect buildings in the future but have the buildings available for occupation at the valuation date, the work having commenced at the appropriate time.

Unless otherwise stated, we have not carried out any valuation on a redevelopment basis to the properties and the study of possible alternative development options and the related economics do not come within the scope of our work.

**REPORTING OF RENTED PROPERTY INTERESTS IN GROUP II**

Properties in Group II are subject to a leasehold arrangement, and we have assigned no commercial value to such property interests mainly due to the short-term nature of the tenancy agreements or prohibition against assignment or sub-letting or lack of substantial rents.

**MATTERS THAT MIGHT AFFECT THE VALUES REPORTED**

For the sake of valuation, we have adopted the areas as appeared in the copies of the documents as provided and no further verification work has been conducted. Should it be established subsequently that the adopted areas were not the latest approved, we reserve the right to revise our report and the valuations accordingly.

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties valued nor any expenses or taxation which may be incurred in affecting sales for properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

In our valuations, we have assumed that the properties are able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported values significantly. The readers are reminded to have their own legal due diligence work on such issue. No responsibility or liability is assumed.

As at the Latest Practicable Date of this circular, we were unable to identify any adverse news against the properties which may affect the reported values in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the values reported herein.

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**ESTABLISHMENT OF TITLES**

Due to the purpose of this engagement and the market value basis of valuation, the Instructing Party or the appointed personnel of the Company provided us the necessary copies of documents to support that the legally interested party in the properties, (in this instance, the Target Group) have free and uninterrupted rights to transfer, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances and any premiums payable have already been paid in full or outstanding procedures have been completed, and the Target Group have the right to occupy and use the properties. However, our procedures to value, as agreed with Instructing Party, did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested party obtained the properties from the relevant authorities. We agreed with the Instructing Party that this should be the responsibility of the legal advisor to the Instructing Party. Thus, no responsibility or liability is assumed from our part to the origin and continuity of the titles to the properties.

The land registration system of China forbid us to search the original documents of the properties that are filed in the relevant authorities, and to verify legal titles or to verify any material encumbrances or amendment which may not appear on the copies handed to us. For the purpose of valuation, we have relied solely on a copy of the PRC legal opinions provided by the Instructing Party or the appointed personnel of the Company with regards to the legal titles of the properties. We are given to understand that the PRC legal opinions was prepared by a qualified PRC legal advisor Haiwen & Partners (北京市海問律師事務所) dated [●] 2016.

We need to state that we are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the properties. However, we have complied with the requirements as stated in Chapter 5 and Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relied solely on the copies of documents and the various copies of legal opinions provided by the Instructing Party or the appointed personnel of the Company in our valuation. No responsibility or liability from our part is assumed in relation to those legal opinions.

In our report, we have assumed that the Target Group have obtained all the approval and/or endorsement from the relevant authorities to own or to use the properties, and that there would be no legal impediment (especially from the regulators) for the Target Group to continue the legal titles to the properties. Should this not be the case, it will affect our findings or conclusion of value in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

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**INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES**

We have conducted inspections to the exterior, and where possible, the interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of engagement. The properties were inspected by graduate surveyor Mr. Ivan Mak Kin Hong in August of 2015. Mr. Ivan Mak has about 3 year's experience in property valuation in the PRC. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in a reasonable condition. We cannot express an opinion about or advice upon the condition of the properties and our work product should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the utilities (if any) and we are unable to identify those utilities covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the areas of the properties, but have assumed that the areas shown on the documents and official layout plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the properties did not include an independent land survey to verify the legal boundaries of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of such properties that appeared on the documents handed to us. No responsibility from our part is assumed. The Instructing Party or interested party in the properties should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect, and therefore we have not considered such factors in our valuations.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the properties. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported or affect our findings.

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**SOURCES OF INFORMATION AND ITS VERIFICATION**

In the course of our work, we have been provided with copies of the documents regarding the properties, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our procedures did not require us to conduct any searches or to inspect the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the Instructing Party or the appointed personnel of the Company.

We have relied solely on the information provided by the Instructing Party or the appointed personnel of the Company without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, lettings, rentals, site and floor areas and all other relevant matters.

Our valuations have been made only based on the advice and information made available to us. While a limited scope of general inquiries had been made to the local real property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility and liability is assumed.

Information furnished by others, upon which all or portions of our report are based, is believed to be reliable but has not been verified in all cases. Our procedures to work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and the Instructing Party or its appointed personnel of the Company in our works, the assumptions and caveats that adopted by them in arriving at their figures also applied to this report. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or the appointed personnel of the Company. Also, we have sought and received confirmation from the Instructing Party or its appointed personnel that no material factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect the works.

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We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or the appointed personnel of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reasons to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan (“**RMB**”).

**LIMITING CONDITIONS IN THIS SUMMARY REPORT**

Our findings or conclusion of value of the properties in this summary report is valid only for the stated purpose and only for the Valuation Date, and for the sole use of the Instructing Party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this summary report, and the valuer accept no responsibility whatsoever to any other person.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made in the properties, and that the inspections and the use of this report do not purport to be a building survey of the properties. We have assumed that the properties are free of rot and inherent danger or unsuitable materials and techniques.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, prospectus or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this summary report in this circular to the Company’s shareholders’ reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company and the Instructing Party are required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney’s fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent that any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

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**STATEMENTS**

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 and Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the guidelines contained in the IVS and the HKIS Standards. The valuation has been undertaken by valuers (see End Notes), acting as external valuers, qualified for the purpose of this valuation.

We retain a copy of this summary report and the detailed valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, be kept for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us. Moreover, we will add the Company information into our client list for our future reference.

The analysis or valuations of the properties depends solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate after the Latest Practicable Date, it will affect the reported findings or conclusion of value significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion and we have no significant interest in the properties, the Group, the Target Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,  
For and on behalf of  
**LCH (Asia-Pacific) Surveyors Limited**

**Elsa Ng Hung Mui** *B.Sc. M.Sc. RPS(GP)*  
*Executive Director*

Contributing valuer:  
**Ivan Mak Kin Hong** *B.Sc.*

*Notes:*

1. Sr Elsa Ng Hung Mui has been conducting valuation of real properties in Hong Kong, Macau and mainland China since 1994. She is a Fellow Member of The HKIS and a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuation in Connection with Takeovers and Mergers published by The HKIS.
2. Mr. Ivan Mak Kin Hong is a graduate surveyor (graduated from bachelor degree in surveying) and probationer of The HKIS. He has been involved in valuation of real properties both in Hong Kong and mainland China for around 3 years. He has been involved in conducting real properties valuations for publicly listed companies for various purposes including merger and acquisition, initial public offering, financing and accounts reporting purposes.

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**SUMMARY OF VALUES**

**Group I — Properties held and occupied by the Target Group in the PRC and valued on the Market Value basis by DRC Approach**

<b>Property</b>	<b>Amount of valuations in existing state as at 29 February 2016 RMB</b>	<b>Interest attributable to the Target Group</b>	<b>Amount of valuations in existing state attributable to the Target Group as at 29 February 2016 RMB</b>
1. An oil gathering station erected on a parcel of land located at Lot No. 152525103206GB03001 Gahailesumu East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	7,300,000	100 per cent.	7,300,000
2. A logistic center erected on a parcel of land located at Lot No. 1032061001 Erengaobigacha Mandubaolige Town East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	45,100,000	100 per cent.	45,100,000
		Sub-total:	<u>RMB52,400,000</u>

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**Group II — Properties occupied by the Target Group under various operating leases in  
the PRC**

<b>Property</b>	<b>Amount of valuation in its existing state attributable to the Target Group as at 29 February 2016 RMB</b>
3. Levels 1 and 2 of an office building located at Lot No. 152525100012GB00976 Bilige Street Wuliyasitai Town East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	No commercial value
4. A parcel of agricultural land located at Erengaobigacha Gahailesumu East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	No commercial value
	<hr/>
	Sub-total: <u>NIL</u>
	Grand Total: <u><u>*RMB52,400,000</u></u>

**\* RENMINBI FIFTY TWO MILLION AND FOUR HUNDRED  
THOUSAND YUAN ONLY**

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VALUATION CERTIFICATE

Group I — Properties held and occupied by the Target Group in the PRC and valued on the Market Value basis by DRC Approach

Property	Description and tenure	Particulars of occupancy	Amount of valuations in existing state attributable to the Target Group as at 29 February 2016 RMB
1. An oil gathering station erected on a parcel of land located at Lot No. 152525103206 GB03001 Gahailesumu East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	<p>The property is erected on a parcel of land having a site area of approximately 90,000 sq. m. with 14 various major buildings and structures erected thereon. (See Note 1 below)</p> <p>The buildings and structures include a 2-storey office, a single storey warehouse and 12 single storey other ancillary facilities which were completed in 2010. They have a total gross floor area of approximately 2,707.19 sq. m. (See Note 2 below).</p> <p>The property is located at the rural area of East Ujimqin Banner and surrounded by prairie.</p> <p>The property is subject to a right to use the land for a term of 40 years till 10 February 2054 for industrial usage.</p>	As inspected and confirmed by the Instructing Party and the appointed personnel of the Company, the property was occupied by the Target Group as an oil gathering station as at the Valuation Date.	7,300,000  (100 per cent. to the Target Group)

Notes:

1. The right to possess the land is held by the State and the rights to use the land has been granted by the State to 錫林郭勒盟宏博礦業開發有限公司 (translated as Xilin Gol League Hongbo Mining Development Company Limited hereinafter referred to as "**Hongbo**"), via the following ways:
  - (i) Pursuant to a Contract for the Grant of State-owned Land Use Rights (國有土地使用權出讓合同) dated 10 February 2014 and made between Bureau of Land and Resources of East Ujimqin Banner (東烏珠穆沁旗國土資源局) and Hongbo, a parcel of land having a site area of 90,000 sq. m. was granted to Hongbo at a consideration of RMB5,400,000 for a term of 40 years commencing from 24 April 2014 for industrial usage. The consideration has been fully paid.
  - (ii) Pursuant to a State-owned Land Use Rights Certificate known as Dong 2014 Guo Yong 25401A Di 010 Hao (東2014國用25401A第010號) dated 23 May 2014 and issued by the People's Government of East Ujimqin Banner (東烏珠穆沁旗人民政府), Hongbo has the right to use the land which having a site area of 90,000 sq. m. for a term till 10 February 2054 for industrial usage.

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2. Pursuant to 14 Building Ownership Certificates issued by the People's Government of East Ujimqin Banner (東烏珠穆沁旗人民政府), the legally interested party in 14 various major buildings having a total gross floor area of approximately 2,707.19 sq. m. is Hongbo. They are listed as follows:

Building Ownership Certificates	Issue Date	Buildings	No. of storeys	Gross Floor Area (sq.m.)
蒙村房權證蒙H-04-07-00080號	24/9/2014	Office	2-storey	807.35
蒙村房權證蒙H-04-07-00081號	24/9/2014	Warehouse	1-storey	355.46
蒙村房權證蒙H-04-07-00082號	25/9/2014	Toilet	1-storey	43.42
蒙村房權證蒙H-04-07-00083號	24/9/2014	Heating Room	1-storey	154.36
蒙村房權證蒙H-04-07-00084號	25/9/2014	Complex Building	1-storey	244.15
蒙村房權證蒙H-04-07-00085號	25/9/2014	Generator Room	1-storey	122.82
蒙村房權證蒙H-04-07-00086號	25/9/2014	Complex Building	1-storey	211.88
蒙村房權證蒙H-04-07-00087號	25/9/2014	Water Pumping Room	1-storey	170.49
蒙村房權證蒙H-04-07-00088號	25/9/2014	Valve Room	1-storey	80.00
蒙村房權證蒙H-04-07-00089號	25/9/2014	Valve Room	1-storey	80.00
蒙村房權證蒙H-04-07-00090號	25/9/2014	Valve Room	1-storey	39.35
蒙村房權證蒙H-04-07-00091號	26/9/2014	Valve Room	1-storey	34.65
蒙村房權證蒙H-04-07-00092號	26/9/2014	Valve Room	1-storey	39.35
蒙村房權證蒙H-04-07-00093號	26/9/2014	Switch Room	1-storey	323.91
			<b>Total:</b>	<b><u>2,707.19</u></b>

3. According to the information provided by the Target Group, the total cost expended on the property was approximately RMB25,580,000 (including gas pipelines and equipment).
4. Pursuant to a copy of the Enterprise Legal Person Business Licence (企業法人營業執照) dated 22 May 2015, Hongbo is a limited liability company registered in the PRC for an operational period commencing from 29 July 2008 to 28 July 2028.
5. According to the legal opinions as prepared by the Company's PRC legal advisor, Haiwen & Partners (北京市海問律師事務所), the following opinions are noted:
- (i) Hongbo is the legally interested party in the property and has the right to occupy, to use, to transfer, to lease and to mortgage the property;
  - (ii) the existing usage of the land is in line with the usage stated in the Land Use Rights Certificate; and
  - (iii) the property is not subject to any mortgage, sealing up or other form of restrictions.

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Property	Description and tenure	Particulars of occupancy	Amount of valuations in existing state attributable to the Target Group as at 29 February 2016 RMB
2. A logistic center erected on a parcel of land located at Lot No. 1032061001 Erengaobigacha Mandubaolige Town East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	<p>The property is erected on a parcel of land having a site area of approximately 60,347.67 sq. m. with 2 various major buildings and structures erected thereon. (See Note 1 below)</p> <p>The buildings and structures include a 2-storey office and dormitory complex and a single storey warehouse which were completed in 2011. They have a total gross floor area of approximately 13,155.49 sq. m. (See Note 2 below).</p> <p>The property is located at the rural area of East Ujimqin Banner and surrounded by prairie.</p> <p>The property is subject to a right to use the land for a term of 40 years till October 2050 for commercial usage.</p>	As inspected and confirmed by the Instructing Party and the appointed personnel of the Company, the property was occupied by the Target Group as office and dormitory as at the Valuation Date.	45,100,000  (100 per cent. to the Target Group)

Notes:

1. The right to possess the land is held by the State and the rights to use the land has been granted by the State to 錫林郭勒盟宏博礦業開發有限公司 (translated as Xilin Gol League Hongbo Mining Development Company Limited hereinafter referred to as "**Hongbo**"), via the following ways:
  - (i) Pursuant to a Contract for the Grant of State-owned Land Use Rights (國有土地使用權出讓合同) dated 20 September 2011 and made between Bureau of Land and Resources of East Ujimqin Banner (東烏珠穆沁旗國土資源局) and Hongbo, a parcel of land having a site area of 60,347 sq. m. was granted to Hongbo at a consideration of RMB3,862,251 for a term of 40 years commencing from 26 September 2011 for other commercial usage. The consideration has been fully paid.
  - (ii) Pursuant to a State-owned Land Use Rights Certificate known as Dong 2011 Guo Yong 25610A Di 071 Hao (東2011國用25610A第071號) dated 11 October 2011 and issued by the People's Government of East Ujimqin Banner (東烏珠穆沁旗人民政府), Hongbo has the right to use the land which having a site area of 60,347.67 sq. m. for a term till October 2050 for commercial usage.

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2. Pursuant to 2 Building Ownership Certificates issued by the People's Government of East Ujimqin Banner (東烏珠穆沁旗人民政府), the legally interested party in 2 various major buildings having a total gross floor area of approximately 13,155.49 sq. m. is Hongbo. They are listed as follows:

<b>Building Ownership Certificates</b>	<b>Issue Date</b>	<b>Buildings</b>	<b>No. of storeys</b>	<b>Gross Floor Area (sq.m.)</b>
蒙村房權證蒙H-04-07-00068號	28/10/2012	Office and dormitory complex	2-storey	9,499.15
蒙村房權證蒙H-04-07-00069號	28/10/2012	Warehouse	1-storey	<u>3,656.34</u>
<b>Total:</b>				<b><u>13,155.49</u></b>

3. According to the on-site inspection in August 2015, 3 various structures (listed below) with no Building Ownership Certificates with a total gross floor area of approximately 760.4 sq.m. were erected on the land in Note 1. In our valuation, we have not taken into account of these structures.

<b>Buildings</b>	<b>No. of storeys</b>	<b>Gross Floor Area (sq.m.)</b>
Water Treatment Room	1-storey	215.8
Boiling Room	1-storey	311.2
Generator Room	1-storey	<u>233.4</u>
<b>Total:</b>		<b><u>760.4</u></b>

4. According to the information provided by the Target Group, the total costs expended on the property was approximately RMB73,120,000.

5. Pursuant to a copy of the Enterprise Legal Person Business Licence (企業法人營業執照) dated 22 May 2015, Hongbo is a limited liability company registered in the PRC for an operational period commencing from 29 July 2008 to 28 July 2028.

6. As advised by the Target Group, various ancillary structures stated in Note 7(v) is subject to a maximum penalty of approximately RMB711,000 that can be charged by relevant government authorities.

7. According to the legal opinions as prepared by the Company's PRC legal advisor, Haiwen & Partners (北京市海問律師事務所), the following opinions are noted:

- (i) Hongbo is the legally interested party in the property and has the right to occupy, to use, to transfer and to lease the property;
- (ii) the existing usage of the land is in line with the usage stated in the Land Use Rights Certificate;
- (iii) the property is not subject to any sealing up or other form of restrictions;
- (iv) the property is subject to a mortgage in favour of the Bank of China Xilinhot Branch; and
- (v) Various ancillary structures with a total gross floor area of 760.4 sq. m. were erected without certain planning, construction approval, completion and acceptance procedures and no building certificates were obtained. According to the PRC law and regulations, disciplinary actions should be taken by the relevant government authorities. For construction without Construction Planning Permit, a maximum 10% of construction cost penalty can be charged. For construction without a

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Permit to commence construction, a maximum 2% of construction contract sum penalty can be charged. For construction without completion and acceptance procedures, a maximum RMB500,000 penalty can be charged.

- (vi) According to the Company's statement no investigation or disciplinary action were taken by the relevant government authorities from the completion date of those various ancillary structures in 2011 till the date of the PRC legal opinion.
7. According to the information provided from the target company, the total construction cost of the buildings without building certificate in Note 3 is approximately RMB1.76 million. According to the legal opinion stated in Note 6(v), the total maximum penalty will be charged is approximately RMB711,200 if disciplinary actions are taken by the relevant government authority.

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**Group II — Properties occupied by the Target Group under various operating lease in the PRC**

<b>Property</b>	<b>Description and occupancy</b>	<b>Amount of valuations in existing state attributable to the Target Group as at 29 February 2016 RMB</b>
<p>3. Levels 1 and 2 of an office building located at Lot No.152525100012 GB00976 Bilige Street Wuliyasitai Town East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300</p>	<p>The property comprises 2 office storey on the levels 1 and 2 of a 3-storey office building which was completed in about 2013.</p> <p>According to the information made available to us, the property has a gross floor area of approximately 3,071.47 sq. m.</p> <p>The property is rented to the lessor for a term of 1 year commencing from 1 January 2016 to 31 December 2016 for office purpose at a monthly rental RMB67,000 exclusive of water, electricity, telephone, internet, management and tax charges.</p> <p>The property is located at the urban area of East Ujimqin Banner.</p> <p>The property was occupied by the Target Group for office purpose as at the valuation date.</p>	<p>No commercial value</p>

*Notes:*

1. The lessor of the property is 錫林郭勒盟上東房地產開發有限公司 (translated as Xilin Gol League Shangdong Real Estate Development Company Limited), a related party of the Target Group.
2. The lessee of the property is 錫林郭勒盟宏博礦業開發有限公司 (translated as Xilin Gol League Hongbo Mining Development Company Limited and hereinafter referred to as "**Hongbo**").
3. According to the legal opinions as prepared by the Company's PRC legal advisor, Haiwen & Partners (北京市海問律師事務所), the tenancy agreement is legal and valid.

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**VALUATION REPORT ON PROPERTIES OF THE PRC TARGET**

<b>Property</b>	<b>Description and occupancy</b>	<b>Amount of valuations in existing state attributable to the Target Group as at 29 February 2016 RMB</b>
4. A parcel of agricultural land located at Erengaobigacha Gahailesumu East Ujimqin Banner Xilin Gol League Inner Mongolia Autonomous Region The PRC 026300	<p>The property comprises a parcel of agricultural land having a site area of approximately 739,973.44 sq. m.</p> <p>The property was granted to the Target Group for a term commencing from 25 May 2014 to 25 May 2016 for an Oil and Gas Extraction Construction Project.</p> <p>The property is located at the rural area of East Ujimqin Banner and surrounded by prairie.</p> <p>The property was occupied by the Group for oil extraction purpose as at the valuation date.</p>	No commercial value

*Notes:*

1. Pursuant to a Temporary Land Use Rights Certificate known as Dong Wu Lin Yong 2015 Di 01 Hao (東烏臨用2015第01號) dated 25 March 2015 and issued by the Bureau of Land and Resources of East Ujimqin Banner (東烏珠穆沁旗國土資源局), Hongbo has the right to use the agricultural land which having a site area of 739,973.44 sq. m. for a term commencing from 25 May 2014 till 25 May 2016 for an Oil and Gas Extraction Construction Project.
2. Pursuant to a copy of the Enterprise Legal Person Business Licence (企業法人營業執照) dated 22 May 2015, Hongbo is a limited liability company registered in the PRC for an operational period commencing from 29 July 2008 to 28 July 2028.
3. As advised by the Target Group, there is no rental expense in the property.
4. According to the legal opinions as prepared by the Company's PRC legal advisor, Haiwen & Partners (北京市海聞律師事務所), Hongbo is the legally interested party in the property and has the right to occupy, to use and the current occupation by the Group do not materially violate the law, rules and regulations in the PRC and the regulations of the Temporary Land Use Rights Certificate.