

## APPENDIX III

## PROPERTY VALUATION

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at [30 June 2013] of the property interests of the Group.*

Date: [●]

The Board of Directors  
New Ray Medicine International Holding Limited  
Room 1001 on 10th Floor, Sino Centre  
Nos. 582-592 Nathan Road  
Kowloon, Hong Kong

Dear Sirs,

### INSTRUCTIONS

In accordance with your instructions for us to value various properties in which New Ray Medicine International Holding Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in the People's Republic of China (the "**PRC**") and Hong Kong, we confirm that we have carried out 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 value of the property interests as at [30 June 2013] (referred to as 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 the property interests represents the market value which we would define as intended to mean "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".

### PROPERTY INTERESTS CATEGORISATION

The property interests are categorised as follows:

- Group I – Property interests held and occupied by the Group in the PRC
- Group II – Property interests licensed to/rented by the Group in the PRC
- Group III – Property interests rented by the Group in Hong Kong

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### **VALUATION METHODOLOGY**

We have valued the property interests of the property in Group I on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales and/or asking price of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

We have attributed no commercial value to the property interests in Groups II and III which is licensed to/rented by the Group due to the prohibition against assignment and subletting or otherwise to the lack of substantial profit rents.

### **VALUATION CONSIDERATIONS**

In valuing the property interests, we have complied with all the requirements contained in the relevant rules and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

### **VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property 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 properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued 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.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith.

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### TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We also caused searches to be made at the Land Registry in respect of the property interests located in Hong Kong and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, [Commerce & Finance Law Offices (通商律師事務所)], concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

### LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out in [between July and September 2012 and March 2013] by [Mr. Ian K. F. Ng, who is a chartered surveyor, and/or [Mr. Charles Choi, ASc (Estate Surveying)].

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

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 factors have 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.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/ or distribute to third parties may be made without written consent.

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**EXCHANGE RATE**

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are herewith attached.

Yours faithfully,  
[●]

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**SUMMARY OF VALUES**

Property	Market Value in Existing State as at [30 June 2013] <i>RMB</i>	Interest Attributable to the Group (%)	Value Attributable to the Group as at [30 June 2013] <i>RMB</i>
<b>Group I – Property interests held and occupied by the Group in the PRC</b>			
1 Room 3702, Dikai International Centre, Jiangan District, Hangzhou City, Zhejiang Province, the PRC	[12,400,000]	100	[12,400,000]
2 Carparking Space Nos. 366, 366-1, 367 and 368, Dikai International Centre, Jiangan District, Hangzhou City, Zhejiang Province, the PRC	No Commercial Value		No Commercial Value
Sub-total:	<u>[12,400,000]</u>		<u>[12,400,000]</u>
<b>Group II – Property interests licensed to/rented by the Group in the PRC</b>			
3 Room 3703, Dikai International Centre, Jiangan District, Hangzhou City, Zhejiang Province, the PRC	No Commercial Value		No Commercial Value
4 Portion of No. 4789 Shidai Road, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC	No Commercial Value		No Commercial Value
5 Room 1805, No. 42 Fengqi Road East, Jiangan District, Hangzhou City, Zhejiang Province, the PRC	No Commercial Value		No Commercial Value
6 Room 15J, Block A, Chengtian Garden, No. 8 Jinmao Road West, Longhua District, Haikou City, Hainan Province, the PRC	No Commercial Value		No Commercial Value
Sub-total:	<u>Nil</u>		<u>Nil</u>
<b>Group III – Property interests rented by the Group in Hong Kong</b>			
7 Room 1001 on 10th Floor, Sino Centre, Nos. 582–592 Nathan Road, Kowloon	No Commercial Value		No Commercial Value
Sub-total:	<u>Nil</u>		<u>Nil</u>
Grand Total:	<u><u>[12,400,000]</u></u>		<u><u>[12,400,000]</u></u>

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**Group I – Property interests held and occupied by the Group in the PRC**

	<b>Property</b>	<b>Description and Tenure</b>	<b>Particular of Occupancy</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
1	Room 3702, Dikai International Centre, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	<p>The property comprises an office unit on Level 37 of a 41-storey office building plus 2 basement levels completed in 2010.</p> <p>The gross floor area of the property is approximately 343.19 sq.m.</p> <p>The land use rights of the property were granted for a term expiring on 30 March 2056 for office use.</p>	The property is currently occupied by the Group for office use	<p>RMB[12,400,000]</p> <p>(Renminbi [Twelve Million Four Hundred Thousand])</p> <p>100% Interest Attributable to the Group:</p> <p>RMB[12,400,000]</p>

*Notes:*

- (1) Pursuant to a Building Ownership Certificate – Hang Fang Quan Zheng Jiang Yi Zi Di No. 10889632 issued by Hangzhou Housing Management Bureau registered on 29 November 2010, the building ownership rights of the property with a gross floor area of approximately 343.19 sq.m. are owned by Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. (泓銳(杭州)生物醫藥科技有限公司), which is an indirect wholly-owned subsidiary of the Company, for office use.
- (2) Pursuant to a State-owned Land Use Rights Certificate – Hang Jiang Guo Yong (2010) Di No. 020454 issued by Hangzhou Bureau of Land and Resources dated 29 November 2010, the land use rights of the property with an apportioned site area of approximately 22.7 sq.m. were granted to Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. for a term expiring on 30 March 2056 for office use.
- (3) Pursuant to a Sale and Purchase Contract entered into between Zhejiang Dikai Real Estate Co. Ltd. (浙江迪凱房地產有限公司) and Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. dated 15 January 2010, the property was sold to Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. at a consideration of RMB9,823,814.
- (4) Pursuant to a Maximum Amount Mortgage Contract dated 29 November 2012 entered into between Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. and Agricultural Bank of China Limited – Hangzhou Jiefang Road Branch, the property is pledged for a loan to an extent of RMB12,510,000 for a term commencing on 29 November 2012 and expiring on 28 November 2015.
- (5) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
  - (i) [Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. legally owns the property and is entitled to lease, transfer, mortgage and dispose of the property subject to the prior consent from the mortgagee; and]
  - (ii) [The property is subject to a mortgage in favour of Agricultural Bank of China Limited – Hangzhou Jiefang Road Branch.]
- (6) The unit selling price of office space within the Dikai International Centre, as at the Valuation Date, was in the range between RMB33,000 per sq.m. and RMB37,000 per sq.m. The unit rate adopted to arrive at the value of the property, which is located at higher floor level, is RMB36,000 per sq.m.

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	<b>Property</b>	<b>Description and Tenure</b>	<b>Particular of Occupancy</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
2	Carparking Space Nos. 366, 366-1, 367 and 368, Dikai International Centre, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	The property comprises four carparking spaces on Basement Level 2 of a 41-storey office building plus 2 basement levels completed in 2010.	The property is currently occupied by the Group for carparking use.	No Commercial Value

*Notes:*

- (1) Pursuant to three Transfer Contracts entered into between Zhejiang Dikai Real Estate Co. Ltd. and Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. all dated 20 January 2010, the property was sold to Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. at a total consideration of RMB620,000.
- (2) We have attributed no commercial value to the property as the relevant title certificates have not yet obtained. For reference purpose, we are of the opinion that the market value in existing states, assuming that the relevant title certificates have been obtained and the property is freely disposed of in the market, as at the Valuation Date, would be RMB840,000.
- (3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
  - (i) [Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd. legally acquired the rights to use the property; and]
  - (ii) [The three Transfer Contracts are legal, valid and enforceable on the contractual parties.]

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**VALUATION CERTIFICATE**

**Group II – Property interests licensed to/rented by the Group in the PRC**

	<b>Property</b>	<b>Description and Tenancy Particulars</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
3	Room 3703, Dikai International Centre, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	<p>The property comprises an office unit on Level 37 of a 41-storey office building plus 2 basement levels completed in 2010.</p> <p>The gross floor area of the property is approximately 376.78 sq.m.</p> <p>The property is occupied by the Group for office purpose.</p> <p>Pursuant to a tenancy agreement (as supplemented by a confirmation dated 15 August 2012) entered into between Zhejiang Xin Rui Pharmaceutical Co., Ltd. (浙江新銳醫藥有限公司), as lessee which is an indirect wholly-owned subsidiary of the Company, and Yang Qi (楊奇) &amp; Tu Yue Li (屠月麗) as lessor [which are connected persons of the Company], the property was rented to the Group for a term commencing on 1 April 2012 and expiring on 31 March 2015 at an annual rental of RMB550,098.8 for office uses exclusive of management fee.</p>	No Commercial Value

*Notes:*

We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

- (i) [The tenancy agreement has been registered; and]
- (ii) [The tenancy agreement is legal, valid and enforceable on the contractual parties.]



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	<b>Property</b>	<b>Description and Tenancy Particulars</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
4	Portion of No. 4789 Shidai Road, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC	<p>The property comprises a whole Level 2 of a 5-storey warehouse building plus a mezzanine floor completed in 2011.</p> <p>The gross floor area of the properties is approximately 2,215 sq.m.</p> <p>The property is occupied by the Group for warehouse purpose.</p> <p>Pursuant to a tenancy agreement dated 1 September 2011 entered into between Zhejiang Xin Rui Pharmaceutical Co., Ltd., as lessee, and Hanzhou Xiaoshan Hangcheng Gongju Ltd. (杭州蕭山恒成工具有限公司) as lessor which is an independent third party, the property was rented to the Group for a term commencing on 21 October 2011 and expiring on 20 October 2016. The current rental is RMB261,370 per annum exclusive of management fee.</p>	No Commercial Value

*Notes:*

We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

- (i) [The tenancy agreement has been registered; and]
- (ii) [The tenancy agreement is legal, valid and enforceable on the contractual parties.]

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	<b>Property</b>	<b>Description and Tenancy Particulars</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
5	Room 1805, No. 42 Fengqi Road East, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	<p>The property comprises an office unit on Level 18 of a 19-storey non-domestic building plus one basement level completed in 2003.</p> <p>The gross floor area of the property is approximately 42.64 sq.m.</p> <p>The property is occupied by the Group for office purpose.</p> <p>Pursuant to a document – Proof for occupying a property without compensation (房屋無償使用證明) issued by Mr. Dai (戴海東), which is [a connected person of the Company], as landlord, Zhejiang Hong Rui Trading Co., Ltd. (浙江泓銳貿易有限公司), which is an indirect wholly-owned subsidiary of the Company, was licensed to occupy the property for a term commencing on 1 June 2012 and expiring on 31 May 2017 at nil licence fee for office use.</p>	No Commercial Value

*Note:*

We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

[Zhejiang Hong Rui Trading Co., Ltd. has the rights to occupy the property in the period for office use and its rights are protected by the PRC's law.]

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	<b>Property</b>	<b>Description and Tenancy Particulars</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
6	Room 15J, Block A, Chengtian Garden, No. 8 Jinmao Road West, Longhua District, Haikou City, Hainan Province, the PRC	<p>The property comprises an office unit on Level 15 of a 29-storey residential building completed in 2005.</p> <p>The gross floor area of the property is approximately 155.19 sq.m.</p> <p>The property is occupied by the Group for office purpose.</p> <p>Pursuant to a document – Proof for a site (場地證明) issued by [Hainan Lang Tian Pharmaceutical Co., Ltd.] (海南朗天醫藥有限公司), which is [a connected party of the Company], as landlord, Haikou Xin Lang Pharmaceutical Technology Co., Ltd. (海口新朗醫藥科技有限公司), which is owned as to 50.1% by Zhejiang Xin Rui Pharmaceutical Co., Ltd. and 49.9% by [an independent third party], was licensed to occupy the property for a term commencing on 29 March 2011 and expiring on 28 March 2016 at nil licence fee for office use.</p>	No Commercial Value

*Notes:*

- (1) Pursuant to a document – Permit for commercial use of a property (經營性用房證明書) issued by Shimao Community Committee of Jinmao Jiedao Office, Longhua District, Haikou City (海口市龍華區金貿街道辦事處世貿社區居委會), the change of residential use of the property to commercial use is permitted.
- (2) We have been provided with a legal opinion regarding the property interests by the Company’s PRC legal adviser, which contains, *inter alia*, the following:

[Haikou Xin Lang Pharmaceutical Technology Co. has the rights to occupy the property for office use in the period and its rights are protected by the PRC’s law.]

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**VALUATION CERTIFICATE**

**Group III – Property interests rented by the Group in Hong Kong**

	<b>Property</b>	<b>Description and Tenancy Particulars</b>	<b>Market Value in Existing State as at [30 June 2013]</b>
7	Room 1001 on 10th Floor, Sino Centre, Nos. 582-592 Nathan Road, Kowloon	<p>The property comprises an office unit on 10th floor of a 23-storey commercial building plus a basement completed in 1979.</p> <p>The gross floor area of the property is approximately [391 sq.ft.]</p> <p>The property is occupied by the Group for office purpose.</p> <p>Pursuant to a tenancy agreement dated 1 September 2012 entered into between China New Rich Medicine Co. Limited, as lessee which is an indirect wholly-owned subsidiary of the Company, and Utmost Vantage Limited, as lessor which is an independent third party, the property was rented to the Group for a term of one year commencing on 1 September 2012 and expiring on 31 August 2013 at a monthly rental of HK\$14,000 for office use inclusive of management fee, Government rent and rates.</p>	No Commercial Value

*Notes:*

- (1) The registered owner of the property, as at the Valuation Date, was Utmost Vantage Limited.
- (2) The property is subject to a Deed of Mutual Covenant vide memorial no. UB1812848 dated 28 November 1979.
- (3) The current registered owner of the property is Asia Ascent Limited vide memorial no. 13082800390020 dated 31 July 2013.
- (4) Pursuant to a tenancy agreement dated 22 August 2013 entered into between China New Rich Medicine Co. Limited and Asia Ascent Limited, which is an independent third party, the property is to be rented to the Group for a term of one year commencing on 1 September 2013 and expiring on 31 August 2014 at a monthly rental of HK\$16,200 for office use inclusive of management fee, Government rent and rates.