

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent property valuer, in connection with its valuation as at 31 March 2019 of the property interest held by our Group.



22/F, China Overseas Building
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
<http://www.romagroup.com>

3 June 2019

Precious Dragon Technology Holdings Limited

Unit G, 20th Floor,
Golden Sun Centre,
Nos.59-67 Bonham Strand West,
Sheung Wan, Hong Kong

Dear Sir/Madam,

Re: Property valuations of various properties located at the People's Republic of China

In accordance with your instructions for us to value the properties held by Precious Dragon Technology Holdings Limited (the "Company") and / or its subsidiaries (together with the Company referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 March 2019 (the "Date of Valuation") for the purpose of incorporation in the listing document of the Company dated 3 June 2019.

1. BASIS OF VALUATION

Our valuations of the properties are our opinion of the market values of the concerned properties 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".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. PROPERTY CATEGORIZATION

In the course of our valuations, the properties held by the Group are categorised into the following groups:

- Group I- Property held by the Group for owner-occupation purpose in the PRC; and
- Group II- Property held by the Group for development in the PRC.

3. VALUATION METHODOLOGY

For the property interests in Group I which are held by the Group for owner-occupation purpose in the PRC, due to the specific purpose for the buildings and structures of the properties, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach (“DRC”) is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC approach may be used as a substitute for the market value of specialised property, due to the lack of market comparables available. Our valuations do not necessarily represent the amount that might be realised from the disposition of the property and the DRC is subject to adequate profitability of the concerned business.

For the property interest in Group II which is held by the Group for development in the PRC, we have valued the property by the direct comparison approach on the basis that the property will be developed in accordance with the latest development proposal provided to us. We have assumed that all necessary approvals for the proposal have been obtained from the relevant government authorities without onerous conditions or restrictions and have taken into account the development costs to complete the development.

4. TITLE INVESTIGATION

For the properties in the PRC, we have been shown copies of extracts of various title documents and have been advised by the Group that no further relevant documents have been produced. Furthermore, due to the nature of the land registration system in the PRC, we have not been able to examine the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. Therefore, in the course of our valuation, we have relied on the advice and information given by the Group and its PRC legal advisor — China Commercial Law Firm, regarding the titles of the property in the PRC. All documents have been used for reference only.

We have also relied on the advice given by the Group that the Group has valid and enforceable titles to the property which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent / land use fees and all requisite land premium / purchase consideration payable have been fully settled.

5. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

6. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site / floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

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

7. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made in respect of the property. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site / floor areas of the property under consideration but we have assumed that the site / floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

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

Our valuations are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

8. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (RMB).

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited
Nancy Chan
BSc (Hons) MHKIS MRICS
RPS(GP) MCIREA
Director

Note: Ms. Nancy Chan is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents. She has over 9 years' experience in real estate industry and property and asset valuation in Hong Kong, Macau, the PRC, Singapore, Taiwan, United Kingdom, Australia, Japan and other overseas countries

SUMMARY OF VALUES

Group I — Property held by the Group for owner-occupation purpose in the PRC

No.	Property	Market Value in Existing State as at 31 March 2019
1.	An industrial complex located at No. 628 Jufeng North Road, Aotou Town, Conghua District, Guangzhou City, Guangdong Province, The PRC	RMB92,700,000
2.	An industrial complex located at Nos.11-12 Tai Yuan Road, Conghua Economic Technology Development Zone, Conghua District, Guangzhou City, Guangdong Province, The PRC	RMB41,300,000
Sub-Total:		<u>RMB134,000,000</u>

Group II- Property held by the Group for development in the PRC.

No.	Property	Market Value in Existing State as at 31 March 2019
3.	A parcel of industrial land situated Xinhu Village Aotou Town, Conghua District Guangzhou City Guangdong Province, the PRC	RMB40,000,000
Sub-Total:		<u>RMB40,000,000</u>
Grand-Total:		<u>RMB174,000,000</u>

VALUATION CERTIFICATE

Group I — Property held by the Group for owner-occupation purpose in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2019
1.	An industrial complex located at No. 628 Jufeng North Road, Aotou Town, Conghua District, Guangzhou City, Guangdong Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 66,047.00 sq.m. (or about 710,929.91 sq.ft.) with various buildings and structures for industrial use, mainly completed in 2009 as advised by the Group, erected thereon.</p> <p>The total gross floor area (“GFA”) of the property is approximately 26,816.95 sq.m. (or about 288,657.65 sq.ft.).</p> <p>The land use rights of the property have been granted for 50 years expiring on 3 December 2058 for industrial use.</p>	<p>As advised by the Group, portion of the property with a GFA of approximately 1,500 sq.m. (or about 16,146.00 sq.ft.) is subject to an intra-group tenancy with a monthly rent of RMB18,000, exclusive of outgoings and expenses, for a period of 3 years commencing on 19 December 2016 and expiring on 18 December 2019.</p> <p>The remaining portion of the property with a GFA of approximately 25,316.95sq.m. (or about 272,511.65 sq.ft.) is subject to an intra-group tenancy with a monthly rent of RMB482,000 for a period of one year commencing on 1 January 2019 and expiring on 31 December 2019.</p>	RMB92,700,000

Notes:

1. Pursuant to a Real Estate Title Certificate (不動產權證書), Yue (2018) Guangzhou City Bu Dong Chan Quan Di No. 09225724 (粵(2018)廣州市不動產權第09225724號), the property with a site area of approximately 66,047.00 sq.m. and a gross floor area of approximately 26,816.95 sq.m. is owned by Guangzhou Shentian Woye Trading Company Limited (廣州深田沃業貿易有限公司) (“Guangzhou Shentian”) for industrial use.

2. The status of title in accordance with the information provided by the Group is as follows:

Real Estate Title Certificate	Yes
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3. Our inspection was performed by Ms Vinci Hou in May 2018.

4. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - a. The Group has obtained the land use rights and building ownership rights of the property legally and has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the property for the remaining term of the above-said land use rights;

 - b. All land premium and other relevant fees have been settled in full; and

 - c. The property is subjected to a mortgage in favor of Industrial and Commercial Bank of China.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2019
2.	An industrial complex located at Nos.11-12 Tai Yuan Road, Conghua Economic Technology Development Zone, Conghua District, Guangzhou City, Guangdong Province, The PRC	The property comprises 3 parcels of land with a total site area of approximately 18,631.60 sq.m. (or about 200,540.54 sq.ft.) with various buildings and structures for industrial use, completed during 1995 and 2005 as advised by the Group, erected thereon. The total gross floor area of the property is approximately 13,653.33 sq.m. (or about 146,964.44 sq.ft.). The land use rights of the property have been granted for various terms expiring on 17 January 2052, 31 January 2055 and 9 November 2063 for industrial use.	The property is occupied by the Group for industrial use.	RMB41,300,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 18,631.60 sq.m. have been granted to Guangzhou Botny Chemical Co., Ltd (廣州保賜利化工有限公司) (“Botny Chemical”) for industrial use. The details of which are as follows:

State-owned Land Use Rights Certificates	Site Area (sq.m.)
Cong Fu Guo Yong (2005) Di No.00082 從府國用(2005)第00082號	1,975.00
Cong Fu (Kai) Guo Yong (2005) Di No.15 從府(開)國用(2005)第15號	15,040.31
Cong Fu (Kai) Guo Yong (2005) Di No.16 從府(開)國用(2005)第16號	1,616.29
Total:	<u>18,631.60</u>

2. Pursuant to 7 Real Estate Title Certificates, various buildings of the property with a total gross floor area of 13,653.33 sq.m. are legally owned by Botny Chemical for industrial uses. The details of which are as follows:-

Building Ownership Certificate	Gross Floor Area (sq.m.)
Yue Fang Di Zheng Zi Di No.C2611121 粵房地證字第C2611121號	4,431.67
Yue Fang Di Zheng Zi Di No.C2611122 粵房地證字第C2611122號	2,201.87
Yue Fang Di Zheng Zi Di No.C2611123 粵房地證字第C2611123號	114.33
Yue Fang Di Zheng Zi Di No.C3390290 粵房地證字第C3390290號	905.31
Yue Fang Di Zheng Zi Di No.C3390291 粵房地證字第C3390291號	503.15
Yue Fang Di Zheng Zi Di No.C3390292 粵房地證字第C3390292號	577.31
Yue Fang Di Zheng Zi Di No.C2611124 粵房地證字第C2611124號	4,919.69
Total:	<u>13,653.33</u>

3. The status of title in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes

4. Our inspection was performed by Ms Vinci Hou in May 2018.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

- a. The Group has obtained the land use rights and building ownership rights of the property legally and has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the property for the remaining term of the above-said land use rights;
- b. All land premium and other relevant fees have been settled in full; and
- c. Portion of the property, the warehouse with a GFA of approximately 4,919.69sq.m. held under Real Estate Title Certificate Yue Fang Di Zheng Di No.C2611124 (粵房地證字第C2611124號) is subjected to a mortgage in favor of Bangkok Bank (China) Company Limited (Shenzhen Branch).

VALUATION CERTIFICATE

Group II — Property held by the Group for development in the PRC.

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2019
3.	A parcel of industrial land situated at Xinhu Village Aotou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	<p>The property comprises a parcel of land with a site area of 63,623.00 sq.m. (or about 684,837.97 sq.ft.).</p> <p>As advised by Group, four industrial complex with total gross floor area of approximately 15,525.54 sq.m. (or about 167,116.91 sq.ft.) are proposed to be developed and expected to complete after about two years of the construction commenced.</p> <p>The land use rights of the property have been granted for a term expiring on 14 April 2060 for industrial use pursuant to the State-owned Land Use Certificate issued on 31 May 2010.</p>	The property is vacant as at the Date of Valuation.	RMB40,000,000

Notes:

- Pursuant to a State-owned Land Use Certificate, Cong Guo Yong (2010) No.00098 (從國用(2010)第00098號) dated 31 May 2010 issued by People's Government of Conghua City (從化市人民政府), the land use right of the property with a site area of 63,623.00 sq.m. has been granted to Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited (廣州歐亞氣霧劑與日化用品製造有限公司) for a term expiring on 14 April 2060 for industrial use.
- Pursuant to a Construction Works Planning Permit, Jian Zi Di Sui Guo Tu Gui Hua Jian Zheng (2016) No.390 (建字第穗國土規劃建證(2016)390號) issued by Guangzhou City Land Resources And Planning Committee (廣州市國土資源和規劃委員會) dated 11 October 2016, the planning permit with a total gross floor area of approximately 15,525.54 sq.m. for four industrial complex has been granted to Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited (廣州歐亞氣霧劑與日化用品製造有限公司).
- Pursuant to a Real Estate Registration Certificate, Yue (2017) Guangzhou City Real Estate Certificate No.09204944 (粵(2017)廣州市不動產證明第09204944號) dated 8 June 2017, the property is subjected to a registered mortgage for a guarantee amount of RMB43,263,600 in favor of Industrial and Commercial Bank of China Limited, Branch of Conghua, Guangzhou.
- As advised by the Group, the incurred cost related to land formation and research of the property as at the Date of Valuation is about RMB3,840,000, and the estimated construction cost for the proposed development is about RMB45,000,000.
- The status of the relevant title and grant of major approvals and licenses in accordance with the information provided to us are as follows:

Stated-owned Land Use Rights Certificate	Yes
Construction Works Planning Permit	Yes
- Our inspection was performed by Ms Vinci Hou in May 2018.

7. We have been provided with a legal opinion on the title to the property issued by the Group's legal advisers, which contains, inter alia, the following information:
- a. The Group has obtained the land use rights and building ownership rights of the property legally and has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the property for the remaining term of the above-said land use rights; and
 - b. All land premium and other relevant fees have been settled in full; and
 - c. The property is subjected to a mortgage in favor of Industrial and Commercial Bank of China.