



Valuation Report

of

Adjusted Net Asset Value

of

Jiangsu Neptunus Bio-pharmaceutical Company Limited
(江苏海王生物制药有限公司)

for

Shenzhen Neptunus Interlong Bio-Technique
Company Limited

Date: 19 January 2016



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Date: 19 January 2016

The Board of Directors
Shenzhen Neptunus Interlong
Bio-Technique Company Limited
Suite 2301C, Neptunus Yinhe
Technology Mansion, 1 Keji Middle Road,
Nanshan District, Shenzhen,
Guangdong Province, PRC 518057

Dear Madam/Sir,

RE: Adjusted Net Asset Value of Jiangsu Neptunus Bio-pharmaceutical Company Limited (江苏海王生物制药有限公司)

1. Instruction

In accordance with your instructions for us to conduct and prepare a valuation of the adjusted net asset value (the "Adjusted NAV") of Jiangsu Neptunus Bio-pharmaceutical Company Limited (江苏海王生物制药有限公司) (the "Company" or "Jiangsu Neptunus"). As instructed, the valuation date is 30 November 2015 (the "Valuation Date").

The Company is a limited liability company established under the laws of the People's Republic of China (the "PRC"), is a wholly-owned subsidiary of the Client and have a wholly owned subsidiary Taizhou Neptunus Nano Bio-medical Technology Company Limited ("Taizhou Neptunus") (together refer to the "Group"). The Group is principally engaged in the research and development of bio-pharmaceutical products and the industrialization of in-vitro diagnostic reagents. Currently, production of the products under development has not yet commenced.

Our report consists our latest findings and valuation results.

2. Purpose of Valuation

The purpose of this valuation is to conduct an independent opinion on the Adjusted NAV of the Company as at the Valuation Date. This valuation is only prepared for internal reference by Shenzhen Neptunus Interlong Bio-Technique Company Limited (the "Client").



3. Basis of Valuation

As instructed by the management of the Client, we have valued the Adjusted NAV on the basis of its net book value of the Company as at the Valuation Date, with adjusted the property, machines and equipment value for the fair value of the assets and liabilities. The valuation was carried out on fair value basis, which is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

4. Basis of Opinion

The valuation procedures include the review of economic condition and financial condition of the subject asset, business, key assumption or estimations and representations made by the Client. In forming our opinion, we also considered the business nature, economic environment factors and financial statement of the subject asset, we have assumed and relied extensively on the accuracy and completeness of the information provided to us by the Client including, financial statements, documents, oral conversation through correspondences. Our valuation is conduct on the date of valuation, we have no responsibility to update or revise our opinion after the date of this report in any events or circumstances.

5. Sources of information

In conducting the valuation, we have considered and relied on the key information provided by the Client, including the management accounts of the Company as at the Valuation Date, company information provided by the Client and representations made by the Client.

6. Valuation Approach and Methodology

Per instructions by the Client, the Adjusted NAV is based on the book value of the Company as at the Valuation Date, with adjusted the fair value of assets and liabilities.

Key assumptions and notes:

Property, plant and equipment, construction in process, capitalized development cost and intangible asset and other long term receivables – includes property, machines and equipment and others, as advised by management of the Company, the fair value of plant and equipment is reference to the machines and equipment valuation report provided dated 3 January 2015 and construction in process, capitalized development cost and intangible asset and other long term receivables 's carrying amount is approximate their fair value

Long term investment – mainly the investment cost in Taizhou Neptunus, as advised by the management of the Company, Taizhou Neptunus is net liabilities as at the Valuation Date, the fair value of Taizhou Neptunus is assumed to be zero in this exercise.

Inventory, prepayment and other receivables – mainly inventory materials, deposit and other prepayments, its carrying amount is approximate their fair value in view of the management of the Company



Accruals, other payables and deferred revenue – mainly accruals, tax payables, deferred revenue and payables to holding company, its carrying amount is approximate their fair value in view of the management of the Company

Short term loan – mainly loan payable on demand, its carrying amount is approximate their fair value in view of the management of the Company

The summary of book value adopted and adjusted value are listed:

	Book value (RMB'000)	Fair value adjustments (RMB'000)	Adjusted value (RMB'000)
<u>Tangible assets</u>			
Property, plant and equipment	48,285,644	(386,044)	47,899,600
Construction in progress	3,816,680	-	3,816,680
Long term investment	3,000,000	(3,000,000)	-
Capitalized development cost and intangible asset	21,367,035	-	21,367,035
Other long term receivables	8,813,966	-	8,813,966
Sub-total	85,283,325	(3,386,044)	81,897,281
<u>Current assets</u>			
Bank balances and cash	42,962	-	42,962
Inventory	122,099	-	122,099
Prepayments	483,663	-	483,663
Other receivables	9,628,894	-	9,628,894
Sub-total	10,277,618	-	10,277,618



Current liabilities

Short term loan	(10,000,000)	-	(10,000,000)
Payables, accruals, and other payables	(20,808,154)	-	(20,808,154)
Tax payables	(11,231)	-	(11,231)
Sub-total	(30,819,385)	-	(30,819,385)

Non-Current liabilities

Deferred revenue	(5,000,000)	-	(5,000,000)
Net Asset	59,741,558	(3,386,044)	56,355,514



7. Opinion of Value

Based on the above of our analysis and assumptions outlined in this report, we are of the opinion that the adjusted net assets of the Company as at the Valuation Date is reasonably stated as RENMINBI FIFTY SIX MILLION THREE HUNDRED FIFTY-FIVE THOUSAND (RMB 56,355,000).

We hereby certify that we have neither present nor prospective interest in the Company or the values reported. This valuation is prepared for the Client's internal reference only and the result is subject to our limiting conditions.

Yours faithfully,
For and on behalf of
Verity Appraisals Company Limited

A handwritten signature in cursive script that reads "Raymond Leung".

Raymond Leung
AICPA
Associate Director

Encl.

Appendix I - Limiting Conditions



Appendix I – Limiting Conditions

1. All existing liens and encumbrances, if any, have been disregarded and the subject assets are appraised as though free and clear under responsible ownership.
2. In the inventory, machinery and/or equipment were listed as complete units, i.e., machinery and/or equipment as listed is meant to include all parts and accessories normally comprising the unit.
3. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses.
4. We are not prepared to give testimony or attendance in court or to any government agency with reference to the subject assets subject of this appraisal unless arrangements have been previously made.
5. We are not intended to express an opinion for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers
6. It is our assumption that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the date of this report.
7. This report is confidential to the client for the specific purpose to which it refers. This report and valuation is intended for the use only of the party to whom it is addressed and we accept no responsibility with respect to any third party for the whole or any part of its contents.
8. As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to us during the course of our valuation. We have assumed the accuracy of, and have relied on the information and client representations provided in arriving at our opinion of value
9. It is the director's responsibility to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.
10. To come up our conclusion, we have assumed continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.