

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with their opinion of values of the property interests of the Company as at 30 September 2006.



10th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

27 November 2006

The Directors  
Anhui Tianda Oil Pipe Company Limited  
Zhenxing Road  
Tongcheng Town  
Tianchang City  
Anhui Province  
the PRC

Dear Sirs,

#### **Instructions, Purpose & Date of Valuation**

In accordance with your instructions for us to value the property interests of Anhui Tianda Oil Pipe Company Limited (hereinafter referred to as the “Company”), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of these properties as at 30 September 2006.

#### **Definition of Market Value**

Our valuation of each of the properties represents our opinion of its Market Value which in accordance with the Valuation Standards on Properties of The Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

#### **Valuation Basis & Assumption**

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties which are all situated in the People's Republic of China (the "PRC"), we have assumed that transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have relied on the information and advice given by the Company and its legal adviser on PRC law, Commerce & Finance Law Firm, regarding the titles to the properties and the interests of the Company in the properties. In valuing the properties, we have assumed that the Company has enforceable titles to the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

The status of titles and grant of major certificates, approvals and licences in respect of the properties are in accordance with the information provided by the Company and the advice provided by its legal adviser on PRC law are set out in the notes in the respective valuation certificate.

In valuing the properties, we have complied with the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

### **Valuation Methodology**

In valuing the properties in Group I which are held and occupied by the Company in the PRC, we have valued the land element of each of these properties by the direct comparison approach assuming sale of the property in existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Due to the specific nature of the buildings and structures, we have adopted the depreciated replacement costs ("DRC") approach in valuing the building element of the properties in Group I. The DRC represents the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

In valuing the property in Group II which is held for future development by the Company, we have valued it by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Property in Group III which is leased by the Company is considered to have no commercial value due mainly to the prohibition against assignment and subletting or otherwise to the lack of substantial profit rents.

### **Source of Information**

In respect of the properties, we have been provided with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and the advice given by its PRC legal advisers on PRC law in respect of the properties in the PRC and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, identification of buildings, particulars of occupancy and tenancy, development scheme, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

### **Site Inspection**

We have inspected the exterior and, where possible, the interior of each of the properties. Regarding property No. 4, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, 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 documents handed to us are correct.

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

### **Currency**

Unless otherwise stated, all sums stated in our valuations are in Renminbi (RMB, the lawful currency of the PRC).

We enclose herewith a summary of valuations and the valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K. B. Wong**  
Registered Professional Surveyor (GP)  
China Real Estate Appraiser  
M.H.K.I.S., M.R.I.C.S  
*Director*

*Note:* Mr. K. B. Wong is a Registered Professional Surveyor who has over 20 years of experience in the valuation of properties in the PRC.

## SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 30 September 2006 <i>RMB</i>	Interest attributable to the Company  <i>%</i>	Capital value in existing state attributable to the Company as at 30 September 2006 <i>RMB</i>
<b>Group I – Properties held and occupied by the Company</b>			
1. An industrial complex located at Zhenxing Road, Tongcheng Town, Tianchang, Anhui Province, the PRC	33,700,000	100	33,700,000
2. An industrial complex located at Ziwei Road South, Langya District, Chuzhou, Anhui Province, the PRC	61,000,000	100	61,000,000
3. A workshop located at west side of East Ring Road, Langya District, Chuzhou, Anhui Province, the PRC	41,800,000	100	41,800,000
	<b>Sub-total:</b>		<u>136,500,000</u>
<b>Group II – Property held for future development by the Company</b>			
4. Two lots of land located at north east corner at the intersection of Huifeng Road East and Ziwei Road South, Chuzhou Development Zone, Langya District, Chuzhou, Anhui Province, the PRC	15,400,000	100	15,400,000
	<b>Sub-total:</b>		<u>15,400,000</u>

Property	Capital value in existing state as at 30 September 2006 <i>RMB</i>	Interest attributable to the Company  <i>%</i>	Capital value in existing state attributable to the Company as at 30 September 2006 <i>RMB</i>
<b>Group III – Property leased by the Company</b>			
5. Various dormitory units in Anhui Tianda Enterprises (Group) Industrial Complex, Zhenxing Road, Tongcheng Town, Tianchang, Anhui Province, the PRC			No commercial value
	<b>Grand total:</b>		<u><u>151,900,000</u></u>

## VALUATION CERTIFICATE

## Group I – Properties held and occupied by the Company

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2006
1. An industrial complex located at Zhenxing Road, Tongcheng Town, Tianchang, Anhui Province, the PRC	<p>The property comprises an industrial complex erected upon two lots of land with a total site area of approximately 113,663.50 sq.m. (1,223,474 sq.ft.).</p> <p>The industrial complex comprises an office building, seven workshop buildings, two warehouses, a boiler house, a power supply building, a bathhouse and a guardhouse completed between 1995 and 2005.</p> <p>The property has a total gross floor area of 52,224.21 sq.m. (562,141 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 13 December 2050 for industrial use.</p>	The property is currently occupied by the Company as steel tube production workshop.	RMB33,700,000

*Notes:*

- (1) According to two Certificates for the Use of State-owned Land Tian Guo Yong (2006) Di No. 017 and Tian Guo Yong (2006) Di No. 018 both dated 28 April 2006 issued by Tianchang City Housing & Land Administrative Bureau, the land use rights of the property, comprising a total site area of 113,663.50 sq.m., have been granted to the Company. Details of the said certificates are summarized as follows:

Certificate No.	Use	Expiry Date of land use term	Site area
Tian Guo Yong (2006) Di No. 017	Industrial	13 December 2050	12,718.50 sq.m.
Tian Guo Yong (2006) Di No. 018	Industrial	13 December 2050	100,945.00 sq.m.
			<u>113,663.50 sq.m.</u>

- (2) According to three Real Estate Title Certificates Fang Di Quan Tian Tong Zi Di Nos. (2006) 33-1 to (2006) 33-3 all issued on 28 April 2006, the building ownership rights of the property, comprising a total gross floor area of 52,224.21 sq.m. are vested in the Company. Details of the said certificates are summarized as follows:

Certificate No.	Building	No. of Storey	Gross Floor Area
(2006) 33-1	Workshop	1	33,816.57 sq.m.
	Warehouse	1	
	Warehouse	1	
	Power supply Building	1	
(2006) 33-2	Workshop	1	5,422.64 sq.m.
	Office Building	2	
	Guardhouse	1	
	Workshop	1	
	Workshop	1	
(2006) 33-3	Workshop	1	12,985.20 sq.m.
	Boiler house	1	
	Bathhouse	1	
	Workshop	1	
	Workshop	1	
			<u>52,224.41 sq.m.</u>

- (3) According to Business Licence No. 3423001300926(1-1), the Company was established on 23 June 2004 with a registered capital of RMB170,000,000.
- (4) According to the legal opinion prepared by the Company's legal adviser on the PRC law:
- (i) The Company has obtained Certificates for the Use of State-owned Land Tian Guo Yong (2006) Di No. 017 and Tian Guo Yong (2006) Di No. 018 in respect of the land use rights of the property, comprising a total site area of 113,663.50 sq.m., for a term due to expire on 13 December 2050 for industrial use.
  - (ii) The land premium of the property has been settled fully.
  - (iii) The Company has obtained Real Estate Title Certificates Fang Di Quan Tian Tong Zi Di Nos. (2006) 33-1 to (2006) 33-3 in respect of the building ownership rights of the property, comprising a gross floor area of 52,224.41 sq.m..
  - (iv) The Company is entitled to transfer, lease and mortgage the land use rights together with the building ownership rights of the property at no extra land premium.
  - (v) The property is not subject to any mortgage.
- (5) The status of title and grant of major approvals and licences in accordance with the legal opinion prepared by the Company's legal adviser on the PRC law and information provided by the Company are as follows:

Certificate for the Use of State-owned Land	Yes
Real Estate Title Certificate/Certificate for Building Ownership	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2006
2. An industrial complex located at Ziwei Road South, Langya District, Chuzhou, Anhui Province, the PRC	<p>The property comprises an industrial complex erected upon a plot of land with a total site area of approximately 200,190 sq.m. (2,154,845 sq.ft.).</p> <p>The industrial complex comprises a laboratory building, a canteen, a transformer building, two electricity buildings, two water pump buildings, one workshop building, an air pressure building, and a warehouse completed between 2004 and 2005.</p> <p>The property has a total gross floor area of 43,840.10 sq.m. (471,895 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 30 May 2053 for industrial use.</p>	The property is currently occupied by the Company as steel tube production workshop.	RMB61,000,000

*Notes:*

- (1) According to Certificate for the use of State-owned Land Chu Guo Yong (2006) Di No. 00296 issued in 2006 by Chuzhou City State-owned Land Resources & Housing Administrative Bureau, the land use rights of the property, comprising a total site area of 200,190 sq.m., have been granted to the Company for a term due to expire on 30 May 2053 for industrial use.
- (2) According to Certificate for Building Ownership Chu Fang Quan Zheng (2006) Zi Di No. 00259 dated 19 May 2006 issued by Chuzhou City State-owned Land Resources & Housing Administrative Bureau, the building ownership rights of the property, comprising various 1 to 2-storey blocks with a total gross floor area of 43,840.10 sq.m. are vested in the Company.
- (3) According to Business Licence No. 3423001300926(1-1), the Company was established on 23 June 2004 with a registered capital of RMB170,000,000.
- (4) According to the legal opinion prepared by the Company's legal adviser on the PRC law:
  - (i) The Company has obtained Certificate for the Use of State-owned Land Chu Guo Yong (2006) Di No. 00296 in respect of the land use rights of the property, comprising a site area of 200,190 sq.m., for a term due to expire on 30 May 2053 for industrial use.
  - (ii) The land premium of the property has been settled fully.
  - (iii) The Company has obtained Certificate for Building Ownership Chu Fang Quan Zheng (2006) Zi Di No. 00259 in respect of the building ownership rights of the property, comprising a gross floor area of 43,840.10 sq.m..



- (iv) The Company is entitled to transfer, lease and mortgage the land use rights together with the building ownership rights of the property at no extra land premium.
- (v) The property is not subject to any mortgage.
- (5) The status of title and grant of major approvals and licences in accordance with the legal opinion prepared by the Company's legal adviser on the PRC law and information provided by the Company are as follows:

Certificate for the Use of State-owned Land	Yes
Real Estate Title Certificate/Certificate for Building Ownership	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2006
3. A workshop located at west side of East Ring Road, Langya District, Chuzhou, Anhui Province, the PRC	<p>The property comprises an industrial workshop erected upon a plot of land with a total site area of approximately 258,507 sq.m. (2,782,569 sq.ft.).</p> <p>The property comprises a single-storey (partly two-storey) industrial workshop completed in 2004.</p> <p>The property has a gross floor area of 31,522.41 sq.m. (339,307 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 13 October 2052 for industrial use.</p>	The property is currently vacant, but the Company intends to use it as a workshop in future.	RMB41,800,000

*Notes:*

- (1) According to Certificate for the use of State-owned Land Chu Guo Yong (2006) Di No. 00297 dated 19 May 2006 issued by Chuzhou City State-owned Land Resources & Housing Administrative Bureau, the land use rights of the property, comprising a site area of 258,507 sq.m., have been granted to the Company for a term due to expire on 13 October 2052 for industrial use.
- (2) According to Certificate for Building Ownership Chu Fang Quan Zheng (2006) Zi Di No. 00260 dated 19 May 2006 issued by Chuzhou City State-owned Land Resources & Housing Administrative Bureau, the building ownership rights of the property, comprising a single storey (partly two-storey) industrial workshop with gross floor area of 31,522.41 sq.m. are vested in the Company.
- (3) According to Business Licence No. 3423001300926(1-1), the Company was established on 23 June 2004 with a registered capital of RMB170,000,000.
- (4) According to the legal opinion prepared by the Company's legal adviser on the PRC law:
  - (i) According to the Real Estate Transfer Agreement dated 2 March 2006 entered between Anhui Tianda Enterprise Group Special Steel Tube Company Limited ("Tianda Special Steel Pipe Company") (the predecessor of the Company) and Anhui Tianda Enterprise (Group) Company Limited ("Tianda Holding"), Tianda Holding transferred the land use rights and building ownership rights of the property, with a site area of 258,507 sq.m. and a gross floor area of 31,522.14 sq.m., and the electronic equipments and other facilities located at the west side of East Ring Road, Chuzhou to Tianda Special Steel Pipe Company for a sum of RMB36,551,925.54. Tianda Special Steel Pipe Company has fully paid up the transfer fee for the land use rights of the property and the buildings erected thereon.
  - (ii) The Company has obtained Certificate for the Use of State-owned Land Chu Guo Yong (2006) Di No. 00297 in respect of the land use rights of the property, comprising a site area of 258,507 sq.m., for a term due to expire on 13 October 2052 for industrial use.

- (iii) The land premium of the property has been settled fully.
  - (iv) The Company has obtained Certificate for Building Ownership Chu Fang Quan Zheng (2006) Zi Di No. 00260 in respect of the building ownership rights of the property, comprising a gross floor area of 31,522.41 sq.m..
  - (v) The Company is entitled to transfer, lease and mortgage the land use rights together with the building ownership rights of the property at no extra land premium.
  - (vi) The property is not subject to any mortgage.
- (5) The status of title and grant of major approvals and licences in accordance with the legal opinion prepared by the Company's legal adviser on the PRC law and information provided by the Company are as follows:

Certificate for the Use of State-owned Land	Yes
Real Estate Title Certificate/Certificate for Building Ownership	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

## Group II – Property held for future development by the Company

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2006
4. Two lots of land located at north east corner at the intersection of Huifeng Road East and Ziwei Road South, Chuzhou Development Zone, Langya District, Chuzhou, Anhui Province, the PRC	The property comprises two lots of land with a total site area of 187,067sq.m. (2,013,589 sq.ft.).  The land use rights of the property have been granted for a term due to expire on 17 August 2054 and 4 April 2056 respectively for industrial use.	The property is currently vacant with certain abandoned facilities on part of the site pending for removal.	RMB15,400,000

*Notes:–*

- (1) According to Certificate for the use of State-owned Land Chu Guo Yong (2006) Di No. 00294 issued in 2006, the land use rights of the property, comprising a site area of 15,483 sq.m., have been granted to the Company, for a term due to expire on 17 August 2054 for industrial purpose.

According to Certificate for the use of State-owned Land Chu Guo Yong (2006) Di No. 00219, the land use rights of the property, comprising a site area of 171,584 sq.m., have been granted to the Company, for a term due to expire on 4 April 2056 for industrial purpose.

- (2) According to Contract for Grant of State-owned Land Use Rights dated 17 August 2004 entered between Chuzhou City State-owned Land Resources & Housing Administrative Bureau and Anhui Tianda Enterprise Group (“Tianda Enterprise”) (the predecessor of Tianda Holding, which is the controlling shareholder of the Company), Tianda Enterprise was granted with the land use rights of the property located at the north-east side of the junction of Huifeng Road and Ziwei Road South with a site area of 15,483 sq.m. (Please see Note 4 (ii)).

According to Contract for Grant of State-owned Land Use Rights dated 4 April 2006 entered between Chuzhou City State-owned Land Resources & Housing Administrative Bureau and Tianda Special Steel Pipe Company (the predecessor of the Company), Tianda Special Steel Pipe Company was granted with the land use rights of the property located at the north-east corner of Huifeng Road East and Ziwei Road South with a site area of 171,584 sq.m..

- (3) According to Business Licence No. 3423001300926(1-1), the Company was established on 23 June 2004 with a registered capital of RMB170,000,000.

- (4) According to the legal opinion prepared by the Company’s legal adviser on the PRC law:

- (i) According to Contract for Grant of State-owned Land Use Rights dated 17 August 2004 entered between Chuzhou City State-owned Land Resources & Housing Administrative Bureau and Tianda Enterprise (the predecessor of Tianda Holding, which is the controlling shareholder of the Company) Tianda Enterprise was granted with the land use rights of the property with a site area of 15,483 sq.m..

According to Contract for Grant of State-owned Land Use Rights dated 4 April 2006 entered between Chuzhou City State-owned Land Resources & Housing Administrative Bureau and Tianda Special Steel Pipe Company (the predecessor of the Company), Tianda Special Steel Pipe Company was granted with the land use rights of the property with a site area of 171,584 sq.m..

- (ii) Tianda Enterprise subsequently transferred the land use rights of the property with a site area of 15,483 sq.m. stated in Certificate for the use of State-owned Land Chu Guo Yong (2006) Di No. 00294 to Tianda Holding in its reforming process. Tianda Holding then transferred the said land use rights to the Company. The property was acquired in August 2004 at a total consideration of RMB1,045,824.
  - (iii) The Company has obtained Certificates for the Use of State-owned Land Chu Guo Yong (2006) Di No. 00294 and (2006) Di No. 00219 in respect of the land use rights of the property, comprising a total site area of 187,067 sq.m., for a term due to expire on 17 August 2054 and 4 April 2056 respectively for industrial use.
  - (iv) The land premium of the property has been settled fully.
  - (v) After the Company has completed 25% or above of the total investment on development, the Company is entitled to transfer, lease and mortgage the land use rights of the property at no extra land premium.
  - (vi) The property is not subject to any mortgage.
- (5) The status of title and grant of major approvals and licences in accordance with the legal opinion prepared by the Company's legal adviser on the PRC law and information provided by the Company are as follows:

Contract for Grant of Land Use Rights	Yes
Certificate for the Use of State-owned Land	Yes
Real Estate Title Certificate/Certificate for Building Ownership	N/A
Business Licence	Yes

## VALUATION CERTIFICATE

## Group III – Property leased by the Company

Property	Description and tenancy	Capital value in existing state as at 30 September 2006
5. Various dormitory units in Anhui Tianda Enterprises (Group) Industrial Complex, Zhenxing Road, Tongcheng Town, Tianchang City, Anhui Province, the PRC	<p>The property comprises 24 units in three 5 to 6-storey dormitory buildings completed in 1980's to 1990's.</p> <p>The property has a total gross floor area of approximately 1,930.23 sq.m. (20,777 sq.ft.) and is currently occupied by the Company as staff quarters.</p> <p>The lessor is Tianda Holding (the controlling shareholder of the Company). The property is currently leased by the Company for a term of 3 years commencing on 1 January 2006 and expiring on 31 December 2008 at an annual rent of RMB96,200, exclusive of management fees &amp; utilities charges.</p>	No commercial value

*Notes:-*

- (1) According to a Tenancy Agreement entered into between Anhui Tianda Enterprise (Group) Company Limited (the "lessor") and the Company, 24 units, with a total gross floor area of 1,930.23 sq.m., are leased to the Company for a term of 3 years commencing on 1 January 2006 and expiring on 31 December 2008 at an annual rent of RMB96,200.
- (2) The lessor has obtained Real Estate Title Certificate Fang Di Quan Tong Zi (2004) Zi Di No. 067 in respect of the property.
- (3) According to the legal opinion prepared by the Company's legal adviser on the PRC law:
  - (i) The lessor has obtained the Real Estate Title Certificate Fang Di Quan Tong Zi (2004) Zi Di No. 067 in respect of the property and has the right to lease the property to the Company.
  - (ii) The tenancy, entered into between the lessor and the Company, complies with the relevant PRC law and is legal, valid and binding on both parties.