

The following is the text of a letter with a summary of values and valuation certificate from Castores Magi (Hong Kong) Limited, an independent property valuer, in connection with their opinion of values of property interests of the Group as at 31st July, 2007.

嘉漫(香港)有限公司
CASTORES MAGI (HONG KONG) LIMITED
REGISTERED PROFESSIONAL SURVEYORS
REAL ESTATE, MINERALS, MACHINERY & EQUIPMENT AND BUSINESS VALUERS

CASTORES

MAGI

Unit B on 23rd Floor
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

30th August, 2007

The Director

新疆天業節水灌溉股份有限公司
(Xinjiang Tianye Water Saving Irrigation System Company Limited*)
Suite No. 69 on 21st Floor,
Tower 1, New World Tower,
Nos. 16–18 Queen’s Road Central,
Hong Kong.

Dear Sirs,

In accordance with your instructions to value the properties in which 新疆天業節水灌溉股份有限公司 (Xinjiang Tianye Water Saving Irrigation System Company Limited*) (the “Company”) and its subsidiaries (together the “Group”) have interests, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the properties as at 31st July, 2007 (the “date of valuation”).

Our valuations of the property interests in Groups III and IV and the land use rights for the property interests in Groups I and II are on the basis of the Market Value which we would define as intended to mean — “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.” Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

Our valuations for the property interests in Groups III and IV and the land use rights for the property interests in Groups I and II have been made on the assumption that the owner sells the properties on the market in their existing state without the benefit of a deferred term contracts, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the properties.

* for identification purpose only

The property interests in Groups III and IV have been valued on a market basis by reference to comparable market transactions. This approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of recent transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In accordance with International Valuation Guidance Note No. 8 published by The International Valuation Standards Committee, the buildings and structures of the property interests in Group I belong to the category of specialized properties, which are rarely if ever sold on the open market, except by way of a sale of the business or entity of which they are a part, due to their uniqueness, which arises from the specialized nature and design of the buildings, their configuration, size, location or otherwise. Consequently, reliable sale comparables cannot generally be identified for specialized properties.

Our valuations of the buildings and structures of the property interests in Group I are on the basis of depreciated replacement cost which is used for the valuation of specialized properties. Depreciated replacement cost is defined as “the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization”. It is a method used in financial reporting to arrive at a surrogate for the market value of specialized and limited market properties, for which market evidence is unavailable. Depreciated replacement cost is based on an estimate of the current gross replacement (reproduction) costs of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization.

In arriving at the capital value of the property interests in Group I, we have made the summation of the market value for the existing use of the land and the depreciated replacement cost of the buildings and structures as at the date of valuation.

In valuing the property interests, we have adopted the basis of valuation and made the valuation assumptions in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

In valuing the property interests in the PRC, we have complied with all the requirements contained in Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The current status of the property interests in Groups I and II regarding major approvals, consents or licences required in the PRC is set out as follows:

Document/Approval	Property 1 In Group I	Property 2 In Group I	Property 1 In Group II
State-owned Land Use Rights Grant Contract	Yes	Yes	Yes
State-owned Land Use Rights Certificate	Yes	Yes	Yes
Public Realty Certificate	Yes	Yes	N/A
Construction Land Use Planning Permit	N/A	N/A	Yes
Construction Land Use Permit	N/A	N/A	Yes
Construction Works and Planning Permit	N/A	N/A	Yes
Building Works Commencement Permit	N/A	N/A	Yes

N/A — Not applicable

In undertaking our valuation of the property interest in Group II which is held by the Group under development, we have assumed that the Group will implement its development plan given to us.

For the property interest in Group II which is held by the Group under development, we have assumed that the Group will entirely comply with all planning and development regulations and fulfil the requirements prescribed by various government authorities pertaining to this property.

We have not attributed any commercial value to the rented properties and the licensed property in this certificate due mainly to the prohibition against assignment or sub-letting or lack of substantial profit rents.

We have relied to a 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, occupation, lettings, rentals, site and floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas of the properties but have assumed that the floor areas shown on the documents and official floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

We have inspected the exterior and, where possible, the interior of the properties, in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey, investigation or examination have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties valued nor for 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 outgoing of an onerous nature which could affect their values.

We have been shown copies of various documents relating to the properties. However, we have not searched the original documents to verify any amendments which may not appear on the copies handed to us. Due to restrictions of the land registration system in the PRC, we are unable to search the original documents to verify the existing title of the properties or any material encumbrances that might be attached to the properties. We are not in a position to advise on the title of the properties.

The scope of valuation has been determined with reference to the property list provided by the Group. All properties on the list have been included in this valuation certificate. The Group has confirmed to us that it has no property interests other than those specified on the list supplied to us.

We have had no reason to doubt the authenticity and accuracy of the information provided to us by the Group. We have also sought and received confirmation from 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 have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts stated in this valuation certificate are in Hong Kong Dollars. The exchange rate adopted in our valuations of the property interests is the exchange rate prevailing as at the date of valuation being HK\$1 = RMB 0.97 and there has been no significant fluctuation in the exchange rate between the date of valuation and the date of this letter.

The conclusion of values is arrived at based on the generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgment in arriving at the valuation, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Group or the value reported.

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

Yours faithfully,
For and on behalf of
Castores Magi (Hong Kong) Limited
Deret Au Chi Chung
Member of China Institute of Real Estate Appraisers and Agents
China Registered Real Estate Appraiser
Registered Business Valuer of Hong Kong Business Valuation Forum
B.Sc. MRICS MHKIS RPS MCIArb AHKIArb
Director

Note: Deret Au Chi Chung is a Registered Professional Surveyor and has over 15 years of experience in valuing the properties in Hong Kong and the properties of private and state-owned enterprises in over 100 towns and cities in the PRC. He also possesses over 10 years of valuation experience in the Asia-Pacific region. His name is included on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers set forth by the Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

Group I — Property interests held by the Group in the PRC

Property	Capital value in existing state as at 31st July, 2007 (HK\$)	Percentage of interest attributable to the Group	Capital value in existing state attributable to the Group as at 31st July, 2007 (HK\$)
1. A parcel of land and various buildings erected thereon, West of Qing Song Nan Road and North of Sheng Li Boulevard, Alaer Shi, Xinjiang Uygur Autonomous Region, the PRC.	6,284,000	51%	3,204,840
2. A parcel of land and various buildings and structures erected thereon, No. 1 Hong Guang Road, Hami Shi, Xinjiang Uygur Autonomous Region, the PRC.	4,172,000	60%	2,503,200
Total:	<u>10,456,000</u>		<u>5,708,040</u>

Group II — Property interest held by the Group under development in the PRC

1. A parcel of land located at District No. 81, North Second Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, The PRC.	26,221,000	100%	26,221,000
Total:	<u>26,221,000</u>	<u>100%</u>	<u>26,221,000</u>

Group III — Property interests rented and occupied by the Group in the PRC

Property	Capital value in existing state as at 31st July, 2007 (HK\$)	Percentage of interest attributable to the Group	Capital value in existing state attributable to the Group as at 31st July, 2007 (HK\$)
1. A workshop located at Bei Yi Road, Level 3 of Office Tower and a factory complex located at No. 36 Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, The PRC.	No commercial value	100%	No commercial value
2. Portion of Level 1 of Office Tower, No. 36 Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, The PRC.	No commercial value	95%	No commercial value
3. Two office units on Level 1, #2, Gong San Xiao Qu 94, Bei Yi Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, The PRC.	No commercial value	98%	No commercial value
4. A workshop building located at No. 81 Zhun Ga Er Road, Kuitun Shi, Xinjiang Uygur Autonomous Region, The PRC.	No commercial value	80%	No commercial value
5. Four workshop buildings, Railway Station South Road, off Zhanghuo Highway, Zhangye Shi, Gansu Province, The PRC.	No commercial value	90%	No commercial value

Property	Capital value in existing state as at 31st July, 2007 (HK\$)	Percentage of interest attributable to the Group	Capital value in existing state attributable to the Group as at 31st July, 2007 (HK\$)
6. A factory complex located at North-East Corner of Junfu Industrial Park, Duanzhou District, Zhaoqing Shi, Guangdong Province, The PRC.	No commercial value	80%	No commercial value
Total:	<u>Nil</u>		<u>Nil</u>

Group IV — Property licensed to the Group in Hong Kong

Property	Capital value in existing state as at 31st July, 2007 (HK\$)	Percentage of interest attributable to the Group	Capital value in existing state attributable to the Group as at 31st July, 2007 (HK\$)
1. Suite No. 69 on 21st Floor, Tower 1, New World Tower, Nos. 16–18 Queen's Road Central, Hong Kong.	No commercial value	100%	No commercial value
Total:	<u>Nil</u>		<u>Nil</u>
Grand Total:	<u>36,677,000</u>		<u>31,929,040</u>

Group I — Property interests held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
1. A parcel of land and various buildings erected thereon, West of Qing Song Nan Road and North of Sheng Li Boulevard, Alaer Shi, Xinjiang Uygur Autonomous Region, the PRC.	The property comprises a parcel of land and 4 various buildings and structures erected thereon. The buildings were completed in 2003. The land on which the buildings are situated has a site area of 39,975 sq.m. The property has a total gross floor area of approximately 3,207.5 sq.m. The property is held under the land use rights for a term up to 1st June, 2053.	The property is currently occupied by the Group for production and office purpose.	6,284,000 (100% interest) 3,204,840 (51% interest attributable to the Group)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 2nd June, 2003 made between Land Administration Bureau of Nong Yi Shi, Xinjiang Uygur Autonomous Region, the PRC (中華人民共和國新疆維吾爾自治區農一師土地管理局) and Xinjiang Alaer Tiannong Water Saving Irrigation Co. Ltd. (新疆阿拉爾天農節水灌溉有限責任公司), the former party agreed to grant the land use rights of a parcel of land having a site area of 39,975 sq.m. to the latter party for a term of 50 years at a land premium of RMB399,750. As advised by the Group, such land premium was fully paid.
- Pursuant to An Approval for the Land Use in Establishing a Plant (建廠區項目用地的批核) granted by Land Administration Bureau of Nong Yi Shi (農一師土地管理局) to Xinjiang Alaer Tiannong Water Saving Irrigation Co. Ltd. (新疆阿拉爾天農節水灌溉有限責任公司) on 5th June, 2003, the former party agreed to grant the latter party the land use rights of a parcel of land having a site area of 39,975 sq.m. by way of compensatory grant for the establishment of a plant.
- Pursuant to a State-owned Land Use Rights Certificate — Nong Yi Shi Guo Yong (2005) Zi No. 010210086 (國有土地使用證 — 農一師國用(2005)字第010210086號) dated 7th February, 2005 issued by Nong Yi Shi of State Land Resources Bureau (農一師國土資源局), Xinjiang Alaer Tiannong Water Saving Irrigation Co. Ltd. (新疆阿拉爾天農節水灌溉有限責任公司), has been granted the land use rights for a parcel of land having a site area of 39,975 sq.m. for a term up to 1st June, 2053 for industrial uses.
- The property is subject to four Public Realty Certificates — Bing Fang Zi 117 Nos. 20050201, 20050202, 20050203 and 20050204 (公房產權證 — 兵房字117第20050201, 20050202, 20050203 及 20050204號) all dated 9th March, 2005 issued by Xinjiang Production and Construction Regiment (新疆生產建設兵團) to Xinjiang Alaer Tiannong Water Saving Irrigation Co. Ltd. (新疆阿拉爾天農節水灌溉有限責任公司).
- Xinjiang Alaer Tiannong Water Saving Irrigation Co. Ltd. (新疆阿拉爾天農節水灌溉有限責任公司) which was incorporated on 6th August, 2002, was a joint-venture company owned as to 51% by Xinjiang Tianye Company Limited (新疆天業股份有限公司) and 49% by Xinjiang Talimu Agriculture Development Company Limited (新疆塔里木農業綜合開發股份有限公司). On 5th January, 2004, Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司) entered into an agreement with Xinjiang Tianye Company Limited (新疆天業股份有限公司), under which the former party agreed to acquire from the latter party 51% of the equity interests in the joint venture company.

6. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia, that:
- (a) Xinjiang Alaer Tiannong Water Saving Irrigation Co. Ltd. (新疆阿拉爾天農節水灌溉有限責任公司) could lawfully occupy, use, lease and transfer the property; and
 - (b) The property is not subject to any mortgage, guarantee, third party's interest and litigation.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
2.	A parcel of land and various buildings and structures erected thereon, No. 1 Hong Guang Road, Hami Shi, Xinjiang Uygur Autonomous Region, the PRC.	The property comprises a parcel of land and 11 various buildings and structures erected thereon. The buildings were completed in late 1980s. The land on which the buildings are situated has a site area of 8,256 sq.m. The property has a total gross floor area of approximately 4,600.86 sq.m. The property is held under the land use rights for a term up to 9th April, 2035.	The property is currently occupied by the Group for production, storage and office purpose. 4,172,000 (100% interest) 2,503,200 (60% interest attributable to the Group)

Notes:

- Pursuant to a Land Use Rights Grant Contract (土地使用權出讓合同) dated 10th April, 2005 made between State Land Administration Resources Bureau of No. 13 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第十三師國土資源局) and Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司), the former party agreed to grant the land use rights of a parcel of land having a site area of 8,256 sq.m. for a term up to 9th April, 2035 at a land premium of RMB743,040 for industrial area.
- Pursuant to a State-owned Land Use Rights Certificate — Nong Shi San Shi Guo Yong (2005) Zi No. 0512001157 (國有土地使用證 — 農十三師國用(2005)字第0512001157號) dated 2nd September, 2005 issued by Xinjiang Production and Construction Regiment (新疆生產建設兵團), Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) has been granted the land use rights for a parcel of land having a site area of 8,256 sq.m. for a term up to 9th April, 2035 for industrial uses.
- The property is subject to eleven Public Realty Certificates — Bing Fang Zi 04 Ha Nong Nos. N00541, N00548, N00549, N00550, N00551, N00552, N00553, N00554, N00555, N00557 and N00560 (公房產權證 — 兵房字04哈農第 N00541, N00548, N00549, N00550, N00551, N00552, N00553, N00554, N00555, N00557 及 N00560 號) all dated 26th November, 2004 issued by Xinjiang Production and Construction Regiment (新疆生產建設兵團) to Hami Tianye Hongxing Water Saving Irrigation Co. Ltd. (哈密天業紅星節水灌溉有限責任公司) (see Note 6).
- Pursuant to a joint-venture agreement dated 8th August, 2003 made between Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司) (“Party A”), State-owned Assets Operation and Administration Company Limited of No. 13 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團第十三師國有資產經營有限公司) (“Party B”) and shareholders of natural person (“Party C”), the aforesaid parties agreed to establish a joint-venture company, which is known as Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) for a joint-venture period of 15 years commencing from the registration date of the company. Apart from the capital contribution from shareholders of nature person, the percentage of capital contribution of Party A and Party B are 60% and 40%, respectively.
- Pursuant to a resolution dated 28th October, 2004 passed at the First Provisional Shareholders’ Meeting of 2004 of Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司), it was agreed that Party A could entirely transfer its equity interests in Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) to Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司).

6. Pursuant to a letter of certification dated 25th July, 2005 issued by Real Estate Administration Bureau of No.13 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第十三師房產管理局) (“the Bureau”), the Bureau certifies that:
 - (a) The Public Realty Certificate (公房產權證) does not reveal “責任” as part of the Chinese company name of Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) as the printing mould is unable to print more than 14 Chinese characters;
 - (b) The Bureau has examined the business licence and other relevant documentation; and
 - (c) The Bureau has confirmed that such discrepancy does not affect the legal rights of Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司).
7. Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) which was incorporated on 15th October, 2003, was a joint-venture company owned as to 60% by Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司) and 40% by State-owned Assets Operation and Administration Company Limited of No. 13 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第十三師國有資產經營有限公司). On 15th October, 2004, Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司) entered into an agreement with Xinjiang Tianye (Group) Limited (新疆天業(集團)有限公司), under which the former party agreed to acquire from the latter party 60% of the equity interests in the joint venture company;
8. Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) has obtained the business licence (Registration No.6522011000301) on 30th November, 2004;
9. Portion of the property having a gross floor area of 25 sq. m. is subject to a lease for a term commencing from 5th March, 2007 to 4th March, 2008 at a monthly rent RMB100 for office purpose. This is an intra-group leasing arrangement since the landlord is Hami Tianye Hongxing Water Saving Irrigation Co. Ltd. (哈密天業紅星節水灌溉有限責任公司) and the tenant is Hami Huimin Recycling Company Limited (哈密惠民回收有限責任公司), a wholly-owned subsidiary of the landlord.
10. It is stated in the legal opinion given by the Company’s PRC legal advisers, inter alia, that:
 - (a) Hami Tianye Hongxing Water Saving Irrigation Company Limited (哈密天業紅星節水灌溉有限責任公司) could lawfully occupy, use, lease and transfer the property; and
 - (b) The property is not subject to any mortgage, guarantee, third party’s interest and litigation.

Group II — Property interest held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
1. A parcel of land located at District No. 81, North Second Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uyghur Autonomous Region, The PRC.	The property comprises a parcel of land having a site area of 105,975 sq.m. The property is held under the land use rights for a term of 50 years up to 12th December, 2056. Upon completion, the buildings and structures will have a total gross floor area of approximately 2,245.9 sq.m.	The property is currently under development.	26,221,000 (100% interest) 26,221,000 (100% interest attributable to the Group)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 13th April, 2006 made between State Land Administration Resources Bureau of No. 8 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第八師國土資源局) and Xinjiang Tianye Water Saving Irrigation System Co. Ltd. (新疆天業節水灌溉股份有限公司), the former party agreed to grant the land use rights of a parcel of land having a site area of 105,975 sq.m. for a term of 50 years for industrial uses at a land premium of RMB 7,471,237.5. As advised by the Company, such land premium was fully paid.
- Pursuant to a Supplementary State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同補充協議) dated 13th December, 2006 made between State Land Administration Resources Bureau of No. 8 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第八師國土資源局) and Xinjiang Tianye Water Saving Irrigation System Co. Ltd. (新疆天業節水灌溉股份有限公司), the property is subject to the following development parameters:
 - Plot Ratio: not less than 50%;
 - Building Coefficient: not less than 30%; and
 - Office and Domestic Facilities: not more than 7% or 0.7 hectare.
- Pursuant to a State-owned Land Use Rights Certificate — Shi Guo Yong (2007 Chu) Zi No. Kai 12 (國有土地使用證 — 師國用(2007出)字第開12號) dated 5th June, 2007 issued by Xinjiang Production and Construction Regiment (新疆生產建設兵團), Xinjiang Tianye Water Saving Irrigation System Co. Ltd. (新疆天業節水灌溉股份有限公司) has been granted the land use rights for a parcel of land having a site area of 105,975 sq.m. for a term up to 12th December, 2056 for industrial uses.
- The property is subject to a Construction Land Use Planning Permit — 2006 Yong Di No. 30 (建設用地規劃許可證 — 2006用地第30號) dated 30th September, 2006.
- The property is subject to a Construction Land Use Permit — Nong Ba Shi (Ju) Tuan Chang (2006) Shi Guo Tu Zi Chu Zi No. 52 (建設用地批准書 — 農八師(局)團場(2006)師國土資出字第52號) dated 29th December, 2006 issued by State Land Administration Resources Bureau of No. 8 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第八師國土資源局).
- The property is subject to a Construction Works and Planning Permit — 2007 Gong Cheng No.27 (建設工程規劃許可證—工程第27號) dated 11th May, 2007 and a Building Works Commencement Permit — Shi Kai Jiang Shi Zi [2007] No. 23 (建設工程施工許可證 — 石開建施字(2007)第23號) dated 13th July, 2007.

7. As advised by the Company, the cost budget for the development is approximately RMB80,000,000 and it is expected that the construction works will be completed by the end of 2007. Upon completion, the plant will be used for production and storage purposes.
8. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia, that:
 - (a) Xinjiang Tianye Water Saving Irrigation System Co. Ltd. (新疆天業節水灌溉股份有限公司) has lawfully obtained and possessed the land use rights certificate and thus could enjoy the rights of exclusive use, mortgage and conveyance;
 - (b) The Company has completed the procedure of property development as required in obtaining legal approval and thus the construction works at the construction site is lawful; and
 - (c) The property is not subject to any mortgage, guarantee, third party's interest and litigation.

Group III — Property interests rented and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
1. A workshop located at Bei Yi Road, Level 3 of Office Tower and a factory complex located at No. 36 Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, the PRC.	<p>The property comprises a single-storey workshop building, whole of Level 3 of an 11-storey office building and 6 blocks of 1 to 4-storey industrial building. The buildings were completed in 1985 and 2002.</p> <p>The property has a total lettable area of 26,808.64 sq.m.</p> <p>The property is currently occupied by the Group for office and production purposes.</p>	The property is rented by the Group for a term of 3 years commencing from 1st July, 2005 to 30th June, 2008 at an annual rental of RMB1,455,820 inclusive of management fees.	No commercial value

Notes:

1. The tenant is Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司).
2. The property is subject to a Building Leasing Permit — (Shi) (2005) Fang Zu Zheng Zi No. 252 ((石)(2005)房租證字第252號) dated 30th September, 2005 issued by Real Estate Exchange of Shihezi Shi (石河子市房地產交易所).
3. The property is subject to a Building Leasing Permit — (Shi Jing Kai) Fang Zu Zheng Zi No. 2005-902 ((石經開)房租證字第2005-902號) dated 30th September, 2005 issued by Real Estate Administration Bureau of Shihezi Economic & Technological Development Zone (石河子經濟技術開發區房產管理局).
4. If the landlord decides to continue to lease the property upon the expiry of the tenancy, the tenant shall have the pre-emptive right to continue to lease the property. If the tenant decides to continue to lease the property, the tenant shall serve a notice to the landlord three months prior to the expiry of the tenancy and the tenant and the landlord shall execute a renewed agreement accordingly.
5. The landlord is one of the shareholders of the tenant.
6. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:
 - (a) The landlord/title holder of the property is Xinjiang Tianye Company Limited (新疆天業股份有限公司) which lawfully possesses the realty ownership and the leasing rights of the property;
 - (b) The lease agreement has been filed in accordance with the legal requirements;
 - (c) The tenant could occupy and use the property lawfully during the lease term exclusively; and
 - (d) The lease agreement is legally enforceable, valid and legal binding.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
2. Portion of Level 1 of Office Tower, No. 36 Bei San Dong Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, the PRC.	<p>The property comprises portion of Level 1 of an office building which is 11 storeys in height. The building was completed in 2002.</p> <p>The property has a lettable area of approximately 40 sq.m.</p> <p>The property is currently occupied by the Group for office purposes.</p>	<p>The property is rented by the Group for a term of 3 years commencing from 1st July, 2005 to 30th June, 2008 at an annual rental of RMB3,500 inclusive of management fees.</p>	No commercial value

Notes:

1. The tenant is Shihezi Development Zone Tianye Water Saving Engineering Installation Company Limited (石河子開發區天業節水工程安裝有限責任公司).
2. The property is subject to a Building Leasing Permit — (Shi Jing Kai) Fang Zu Zheng Zi No. 2005-901 (房屋租賃證 — (石經開)房租證字第2005-901號) (dated 30th September, 2005 issued by Real Estate Administration Bureau of Shihezi Economic & Technological Development Zone (石河子經濟技術開發區房產管理局).
3. If the landlord decides to continue to lease the property upon the expiry of the tenancy, the tenant shall have the pre-emptive right to continue to lease the property. If the tenant decides to continue to lease the property, the tenant shall serve a notice to the landlord three months prior to the expiry of the tenancy and the tenant and the landlord shall execute a renewed agreement accordingly.
4. The landlord is one of the shareholders of Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司), which owns as to 95% equity interest of the tenant.
5. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:
 - (a) The landlord/title holder of the property is Xinjiang Tianye Company Limited (新疆天業股份有限公司) which lawfully possesses the realty ownership and the leasing rights of the property;
 - (b) The lease agreement has been filed in accordance with the legal requirements;
 - (c) The tenant could occupy and use the property lawfully during the lease term exclusively; and
 - (d) The lease agreement is legally enforceable, valid and legal binding.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
3. Two office units on Level 1, #2, Gong San Xiao Qu 94, Bei Yi Road, Shihezi Economic and Technological Development Zone, Shihezi Shi, Xinjiang Uygur Autonomous Region, the PRC.	<p>The property comprises two office units on Level 1 of a 3-storey office building. The building was completed in 1980s.</p> <p>The property has a lettable area of approximately 60 sq.m.</p> <p>The property is currently occupied by the Group for office purposes.</p>	<p>The property is rented by the Group for a term of 3 years commencing from 1st July, 2005 to 30th June, 2008 at an annual rental of RMB4,320 inclusive of management fee.</p>	No commercial value

Notes:

1. The tenant is Shihezi Tianye Recycling Company Limited (石河子天業物資回收有限責任公司).
2. The property is subject to a Building Leasing Permit — (2004) Fang Zu Zheng Zi No. Nan 240 ((2004) 房租證字第南240號) dated 30th September, 2005 issued by Real Estate Exchange of Shihezi Shi (石河子市房地產交易所).
3. If the landlord decides to continue to lease the property upon the expiry of the tenancy, the tenant shall have the pre-emptive right to continue to lease the property. If the tenant decides to continue to lease the property, the tenant shall serve a notice to the landlord three months prior to the expiry of the tenancy and the tenant and the landlord shall execute a renewed agreement accordingly.
4. The landlord is one of the shareholders of Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司), which owns as to 98% equity interest of the tenant.
5. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:
 - (a) The landlord/title holder of the property is Xinjiang Tianye Company Limited (新疆天業股份有限公司), which lawfully possesses the realty ownership and the leasing rights of the property;
 - (b) The lease agreement has been filed in accordance with the legal requirements;
 - (c) The tenant could occupy and use the property lawfully during the lease term exclusively; and
 - (d) The lease agreement is legally enforceable, valid and legal binding.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
4. A workshop building located at No.81 Zhun Ga Er Road, Kuitun Shi, Xinjiang Uygur Autonomous Region, the PRC.	The property comprises a single-storey workshop building. The building was completed in 1980s. The property has a lettable area of approximately 576 sq.m. The property is currently occupied by the Group for production purposes.	The property is rented by the Group for a term of 3 years commencing from 10th March, 2006 to 9th March, 2009 at an annual rental of RMB20,000.	No commercial value

Notes:

1. The tenant is Kuitun Tiantun Water Saving Company Limited (奎屯天屯節水有限責任公司).
2. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:
 - (a) The landlord/title holder of the property is Regiment No. 131, No. 7 Division of Agricultural Construction of Xinjiang Production and Construction Regiment (新疆生產建設兵團農業建設第七師131團), an independent party, which lawfully possesses the realty ownership and the leasing rights of the property;
 - (b) The tenant could occupy and use the property lawfully during the lease term exclusively;
 - (c) The lease agreement is legally enforceable, valid and legal binding; and
 - (d) The lease agreement has not been filed but it shall not adversely affect its legality and effectiveness.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
5. Four workshop buildings, Railway Station South Road, off Zhanghuo Highway, Zhangye Shi, Gansu Province, the PRC.	<p>The property comprises 4 blocks of single-storey workshop building. The buildings were completed in late 1980s.</p> <p>The property has a total lettable area of 3,060 sq.m.</p> <p>The property is currently occupied by the Group for production and storage purposes.</p>	<p>The property is rented by the Group for a term of 3 years commencing from 10th March, 2006 to 9th March, 2009 at an annual rental of RMB100,980 exclusive of water charges.</p>	No commercial value

Notes:

1. The tenant is 甘肅天業節水器材有限公司.
2. The property is subject to a Building Leasing Permit — Zhang Fang Zu Zheng Zi No. DB-244004 (房屋租賃證 — 張房租證字第DB-244004號) dated 4th March, 2005 issued by Real Estate Administration Bureau of Zhangye Shi (張掖市房產管理局).
3. As confirmed by the Company, the landlord is not a connected party with the Group.
4. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:
 - (a) The landlord/titleholder of the property is Gansu Zhangye Metal and Electrical and Chemical Purchases and Supplies Unit (甘肅省張掖五金交電化工採購供應站), which lawfully possesses the realty ownership and the leasing rights of the property;
 - (b) The tenant could occupy and use the property lawfully during the lease term exclusively;
 - (c) The lease agreement is legally enforceable, valid and legal binding; and
 - (d) The lease agreement has not been filed but it shall not adversely affect its legality and effectiveness.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
6. A factory complex located at North-East Corner of Junfu Industrial Park, Duanzhou District, Zhaoqing Shi, Guangdong Province, The PRC.	<p>The property comprises a parcel of land having a site area of 6,620 sq.m. with a 2-storey building erected thereon. The building was completed in 1980s.</p> <p>The building has a lettable area of approximately 1,033 sq.m.</p> <p>The property is currently occupied by the Group for industrial and ancilliary office purposes.</p>	<p>The property is rented by the Group for a term of 5 years commencing from 1st September, 2006 to 31st August, 2011 at an annual rental of RMB180,684 exclusive of water, electricity, gas and compressed gas charges. (see Note 2)</p>	No commercial value

Notes:

1. The tenant is Zhaoqing Tianye Plastic Manufacturing Company Limited (肇慶天業塑料制品有限公司).
2. The rental is subject to an annual increment of 3%.
3. The landlord is one of the shareholders of Zhaoqing Tianye Plastic Manufacturing Company Limited (肇慶天業塑料制品有限公司), which owns as to 20% equity interest of the tenant.
4. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:
 - (a) The landlord/titleholder of the property is Zhaoqing Tifo New Fibre Co., Ltd. (肇慶天富新合纖有限公司), which lawfully possesses the realty ownership and the leasing rights of the property;
 - (b) The tenant could occupy and use the property lawfully during the lease term exclusively;
 - (c) The lease agreement is legally enforceable, valid and legal binding; and
 - (d) The lease agreement has not been filed but it shall not adversely affect its legality and effectiveness.

Group IV — Property licensed to the Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2007 HK\$
1. Suite No. 69 on 21st Floor, Tower 1, New World Tower, Nos. 16–18 Queen's Road Central, Hong Kong.	The property comprises an office suite on 21st Floor of a 41-storey office building which was completed in about 1979. The property has a licensed area of about 130 sq.ft. (12.1 sq.m.). The property is currently occupied by the Group for office purpose.	The property is subject to a licence agreement dated 1st September, 2006 for a term of one year commencing from 16th October, 2006 to 15th October, 2007 at a monthly licence fee of HK\$6,500.	No commercial value

Notes:

1. The licensee is Xinjiang Tianye Water Saving Irrigation System Company Limited (新疆天業節水灌溉股份有限公司).
2. The licensor is SBC International which is not a connected party with the Group.