

The following is the text of a letter, summary of values and valuation certificates received from DTZ Debenham Tie Leung Limited, an independent property valuer, prepared for the purpose of incorporation in this prospectus in connection with its valuation as at 31st March, 2003 of the property interests of the enlarged group.



Formerly C Y Leung & Company
原梁振英測量師行

26th June, 2003

The Board of Directors
China Resources Cement Holdings Limited
Room 4107, 41st Floor
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests in which China Resources Cement Holdings Limited (華潤水泥控股有限公司) (the “company”) will become interested, including the property interests currently held by Innovative Market Limited and its subsidiaries (the “Redland group”) and the property interests currently held by the Dongguan Cement Holding group (東莞水泥控股集團), the Guangxi CR Cement Holding group (廣西華潤水泥控股集團), the Dongguan Concrete Holding group (東莞混凝土控股集團) and the Shenzhen Concrete Holding group (深圳混凝土控股集團) (hereinafter together with the Redland group referred to as the “enlarged group”) in Hong Kong and the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing the enlarged group with our opinion of the open market values of such property interests as at 31st March, 2003 (the “date of valuation”).

Our valuation of each of the property interests represents its open market value which we would define as intended to mean “an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owners sell the property interests on the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such property interests.

In the course of our valuation of the property interests in the PRC, we have assumed that transferable land use rights in respect of the property interests for respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have assumed that the grantees or the users of the property interests have free and uninterrupted rights to use or to assign the property interests for the whole of the respective unexpired terms as granted.

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

In forming our opinion of values of the property interests in Group I and Group III which are held and occupied by the Redland group in Hong Kong and the PRC respectively, and Property Nos. 17, 18 and 19 in Group IV which are held and occupied by the enlarged group in the PRC, we have valued each of them by the Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

Regarding Property Nos. 15 and 16 in Group IV which are held and occupied by the enlarged group in the PRC, due to the specific nature of the buildings and structures, there are no readily identifiable market sales comparables and the buildings and structures cannot be valued by comparison with appropriate open market transactions. Therefore, we have adopted the Depreciated Replacement Cost (“DRC”) Approach in valuing the property interests. The DRC Approach requires a valuation of the open market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures, from which deductions are then made to allow for the age, condition and functional obsolescence. The DRC Approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

According to the PRC legal opinion, the enlarged group has yet to obtain the land use rights and building ownership of Property Nos. 20 and 21 in Group IV, we have therefore not assigned value to the properties.

The property interests in Groups II and V which are rented by the Redland group and the enlarged group in Hong Kong and the PRC respectively have no commercial values due to the prohibitions against assignment of the properties or otherwise due to the lack of substantial profit rents.

Dimension, measurements and areas included in the attached valuation certificates are based on information provided to us and are therefore only approximations. We have not been able to carry out on site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct. We have had no reasons to

doubt the truth and accuracy of the information provided to us by you which is material to the valuations. We were also advised by the enlarged group that no material facts have been omitted from the information supplied. No on site measurement has been taken.

We have not been provided with copies of the title documents relating to the property interests in Hong Kong but have caused searches to be made at the appropriate Land Registries. However, we have not searched the original documents to ascertain ownership or to verify any amendments. We have been provided with extracts of documents in relation to the title to the property interests in the PRC but we have not inspected the originals. We have relied upon information given to us by the enlarged group and the enlarged group's PRC legal adviser, Global Law Office, in the respect of the enlarged group's interest in the properties in the PRC.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Redland group and the enlarged group and have accepted advice given to us on such matters as planning approvals, statutory notice, easements, tenure, identification of properties, completion dates of buildings, particulars of occupancy, site and floor areas and all other relevant matters.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or other structural defects. No test was carried out on any of the services.

Unless otherwise stated, all money amounts stated in our valuations are in Hong Kong dollars. The exchange rate adopted in our valuation is HK\$1=RMB1.06 which was the approximate exchange rate prevailing as at the date of valuation. There has been no significant fluctuation in the said exchange rate between the date of valuation and the date of this letter.

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

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K.B. Wong
Registered Professional Surveyor
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has more than 18 years of experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31st March, 2003 HK\$	Interest attributable to the enlarged group %	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 HK\$
Group I — Property interests held and occupied by the Redland group in Hong Kong			
1. The Bucket Elevator Room on Ground Floor, Half of 1st Floor and one Ramped Driveway from Ground Floor to 1st Floor, one Hopper Room and one Shaft Area (formerly called the Bucket Elevator Shaft) on 2nd Floor, one Storage Bin on the side of the Bucket Elevator of the building from 3rd Floor upwards to the Roof of the building and the Roof of one Storage Bin on 12th Floor Level Safety Godown Industrial Building No. 56 Ka Yip Street Chai Wan Hong Kong	13,000,000	100	13,000,000
2. Portion of Ground Floor Wah Tung Godown and portion of Yau Tong Marine Lot No. 70 (“Yau Tong Lot”) No. 4 Tung Yuen Street Yau Tong Kowloon	11,000,000	100	11,000,000
3. No. 6 Tung Yuen Street Yau Tong Kowloon	64,000,000	100	64,000,000
4. A batching plant situated at Tong Yan San Tsuen Road Tong Yan San Tsuen Yuen Long New Territories	11,000,000	100	11,000,000

Property	Capital value in existing state as at 31st March, 2003 HK\$	Interest attributable to the enlarged group %	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 HK\$
5. A storage situated at Ma Fung Ling Road Tong Yan San Tsuen Yuen Long New Territories	1,750,000	100	1,750,000
		Sub-total:	100,750,000

Property	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 HK\$
Group II — Property interests rented by the Redland group in Hong Kong	
6. Parcel of ground held under Short Term Tenancy No. 3450 situated at Area 30 Container Port Road South Kwai Chung New Territories	No commercial value
7. The Remaining Portion of Lot No. 1263 Demarcation District No. 121 Tong Yan San Tsuen Yuen Long New Territories	No commercial value
8. Lot No. 2899 in Demarcation District No. 111 Pat Heung Yuen Long New Territories	No commercial value
9. Berth No. TM11 at Tuen Mun Public Cargo Working Area Area 16 Tuen Mun New Territories	No commercial value
10. Factories A and B on 7th Floor, Block 3 Tai Ping Industrial Centre No. 53 Ting Kok Road Tai Po New Territories	No commercial value
11. Flat B on 1st Floor No. 34 Discovery Bay Road Coastline Villa Peninsula Village Discovery Bay City Lantau Island New Territories	No commercial value
12. 8th Floor, Kaiseng Commercial Centre 4-6 Hankow Road Tsimshatsui Kowloon	No commercial value

Property	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 <i>HK\$</i>
13. 15th Floor, Kaiseng Commercial Centre 4-6 Hankow Road Tsimshatsui Kowloon	No commercial value
	<hr/>
Sub-total:	No commercial value

Property	Capital value in existing state as at 31st March, 2003 <i>HK\$</i>	Interest attributable to the enlarged group %	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 <i>HK\$</i>
Group III — Property interest held by the Redland group in the PRC			
14. Unit 401, Block 22, Bibo Garden Yanhe Road Luohu District Shenzhen City Guangdong province	450,000	100	450,000
		Sub-total	450,000
Group IV — Property interests held and occupied by the enlarged group in the PRC			
15. A cement plant at Eastern Plot of Litang Town Binyang County Guangxi ZAR	145,500,000	70	101,850,000
16. A cement plant at Fu Lu Sha Management District Shatian Town Dongguan City Guangdong province	153,000,000	70	107,100,000
17. Two plots of Land at Legou Zuoye District Qinzhou Harbour Qinzhou City Guangxi ZAR	14,900,000	67	9,983,000
18. A plot of land at Makeng Shenwan Town Zhongshan City Guangdong province	400,000	70	280,000

Property	Capital value in existing state as at 31st March, 2003 HK\$	Interest attributable to the enlarged group %	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 HK\$
19. An industrial site at Feng Huang Shan Qintang Village Eastern Plot of Litang Town Binyang County Guangxi ZAR	17,800,000	70	12,460,000
20. Unit 501 of Block 13 Haiwan Garden Shi Hau Xi Road Zhuhai City Guangdong province	No commercial value	70	No commercial value
21. Unit 101 of Block 6 Julong Court ShiJie Garden Western of Shennan Road Nanshan District Shenzhen City Guangdong province	No commercial value	70	No commercial value
		Sub-total:	231,673,000

**Capital value in
existing state
attributable to the
enlarged group as at
31st March, 2003
HK\$**

Property

Group V — Property interests rented by the enlarged group in the PRC

- | | | |
|-----|---|---------------------|
| 22. | A plot of land at San Shan Harbour Development District
Nanhai City
Guangdong province | No commercial value |
| 23. | Units 302, 501 and 502 of a composite building
Legou Zuoye District
Qinzhou Harbour
Qinzhou City
Guangxi ZAR | No commercial value |
| 24. | A plot of land at western plot of New Water Gate
at Fu Lu Sha Management District
Shatian Town
Dongguan City
Guangdong province | No commercial value |
| 25. | A batching plant at Xiaohe Industrial Park
Xiaohe Village
Daojiao Town
Dongguan City
Guangdong province | No commercial value |
| 26. | A batching plant at southwestern plot
of Meilin Inspection Station
Futian District
Shenzhen City
Guangdong province | No commercial value |

Property	Capital value in existing state attributable to the enlarged group as at 31st March, 2003 HK\$
27. A cement plant at Suiqi County Zhanjiang City Guangdong province	No commercial value
28. A cement interchange station at Qinzhou Front Station (K28+40-K28+100) Qinzhou City Guangxi ZAR	No commercial value
29. A cement transport/storage station at Xiashan District Zhanjiang City Guangdong province	No commercial value

	Sub-total: <u>No commercial value</u>
	Grand Total: <u><u>332,873,000</u></u>

VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Redland group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
<p>1. The Bucket Elevator Room on Ground Floor, Half of 1st Floor and one Ramped Driveway from Ground Floor to 1st Floor, one Hopper Room and one Shaft Area (formerly called the Bucket Elevator Shaft) on 2nd Floor, one Storage Bin on the side of the Bucket Elevator of the building from 3rd Floor upwards to the Roof of the building and the Roof of one Storage Bin on 12th Floor level, Safety Godown Industrial Building No. 56 Ka Yip Street Chai Wan Hong Kong</p> <p>118/1510th shares of and in Chai Wan Inland Lots Nos. 112 and 115</p>	<p>The property comprises portion of the 1st floor of a 13-storey industrial building together with a bucket elevator room on the ground floor, a ramped driveway from ground floor to 1st floor, a hopper room and a bucket elevator shaft on the 2nd floor, a cement storage bin on the side of the bucket elevator of the building from 3rd floor upwards to the roof of the building and the roof of the storage bin on the 12th floor of the building. The building was completed in 1989.</p> <p>The saleable area of the property is approximately 1,478.91 sq.m. (15,919 sq.ft.), excluding the spaces of the bucket elevator room, ramped driveway, hopper room, the bucket elevator shaft, cement storage bin and the roof of the storage bin on the 12th floor. The property also comprises the right and privilege as tenants in common in equal shares with the owner of the Cement Pump Room on the ground floor of the building to use and enjoy 43 metres continuous length of the sea frontage of Chai Wan Inland Lot No. 112 and the right in common with Glorycourt Limited (“Glorycourt”) and Noblecourt Limited (“Noblecourt”) and/or such person or persons from time to time authorised by Glorycourt and/or Noblecourt and the owner of the remaining half of the 1st floor to use and enjoy portions of the external wall of the building and to install, affix, maintain and operate thereon such machineries, elevators, chimneys, pipes and other fittings and the right in common with Glorycourt, Noblecourt and other person or persons claiming through under or in trust for Glorycourt or Noblecourt and the owner of the remaining half of the first floor to use all areas of Chai Wan Inland Lots Nos. 112 and 115 not covered by any building, all open areas and the sea-front areas thereof and all rights of access to the sea.</p>	<p>The property is occupied by the Redland group for car parking, storage and industrial purposes.</p>	<p>HK\$13,000,000 (100% interest attributable to the enlarged group: HK\$13,000,000)</p>

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
	<p>The property is held under Conditions of Sale No. 11487 (as varied and/or modified by three Modification Letters Memorial Nos. 2304955, 3204921 and 3555371) and Conditions of Sale No. 11494 (as varied and/or modified by three Modification Letters Memorial Nos. 2304953, 3204920 and 3555370) each for a term of 75 years from 12th February, 1981 and 27th March, 1981 respectively renewable for a further term of 75 years. The current total Government rent payable for the subject lots is HK\$2,000 per annum.</p>		

Notes:

- (1) The registered owner of the property is Profit Success Development Limited (貴就發展有限公司).
- (2) The property is subject to a legal charge dated 25th May, 1995 to secure general banking facilities granted to Redland Concrete Limited in favour of Fortis Bank Asia HK (formerly known as Generale Belgian Bank).
- (3) The property is currently zoned for "Industrial" purpose under Chai Wan Outline Zoning Plan No. S/H20/15 dated 26th November, 2002.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
2. Portion of Ground Floor Wah Tung Godown and portion of Yau Tong Marine Lot No. 70 ("Yau Tong Lot") No. 4 Tung Yuen Street Yau Tong Kowloon 600/3150th shares of and in Yau Tong Marine Lot No. 70	<p>The property comprises portion of ground floor of a 7-storey godown completed in 1978.</p> <p>The saleable area of the property is approximately 1,235.32 sq.m. (13,297 sq.ft.).</p> <p>The property is held under Conditions of Sale No. 10873 for a term of 99 years less the last 3 days thereof from 1st July, 1898 which has been statutorily extended to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	The property is occupied by the Redland group as a driveway to the adjoining site, and for storage and ancillary office uses.	HK\$11,000,000 (100% interest attributable to the enlarged group: HK\$11,000,000)

Notes:

- (1) The registered owner of the property is First Route Limited (銳致有限公司).
- (2) Albert So Surveyors Limited ("the Surveyors") have advised (among others) the followings:
 - (a) Special Condition No. 13 of the above mentioned Conditions of Sale No. 10873 provides that the ingress and egress of vehicles to or from the Yau Tong Lot should only be made between two specified points as shown on the plan annexed to the said Conditions of Sale No. 10873;
 - (b) There are additional vehicular access points found at the property which constitute a breach of the Conditions of Sale No. 10873 and such additional vehicular access points are not shown on the approved buildings plans of the property and may be considered as unauthorised alterations under the Buildings Ordinance;
 - (c) A cockloft located at the north-western corner of the property was constructed for ancillary office use and there is a window opening along the western façade of the building. Such cockloft and window opening are not shown on the approved building plans of the property and may be considered as unauthorised structures/alterations under the Buildings Ordinance and constitute a breach of the Conditions of Sale No. 10873.
 - (d) When the Lands Department is aware of the non-compliance of any General or Special Condition of the Conditions of Sale No. 10873, they may serve written notices and warning letters on the owner requiring the owner to rectify such breach within a stated period of time and the matter can be resolved by complying with such notices and warning letters. From the experience of the Surveyors and as far as the Surveyors know, the Government will not take any further action if the breach is rectified within the stated period; and
 - (e) Order in writing may be issued by the Buildings Department which requires the property to be reinstated in accordance with the approved building plans. Such reinstatement works would likely to include but not limited to (i) reconstruction of the external walls of the property at the additional vehicular access points, (ii) removal of the ramp (iii) the reinstatement of the ground levels and (iv) closing of the said window opening and (v) removal of the said cockloft. The Buildings Department would not normally take any further action under the Buildings Ordinance if the owner complies with such order.
- (3) The Redland group has confirmed that if the relevant Government authorities or the Buildings Department order for cessation of use of the additional vehicular access points, demolition of the said cockloft and, or reinstatement of the relevant part of the property in accordance with the approved building plans, the Redland group will comply

with such orders, notices and, or warning letters and will use part of No. 6 Tung Yuen Street, Yau Tong (Property No. 3 in this appendix) as a driveway and the operations of the Redland group will not be adversely affected. The Redland group estimates that the reinstatement costs shall not exceed HK\$100,000.

- (4) The property is currently zoned for “Residential (Group E)” purpose under Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/15 dated 21st June, 2002.
- (5) Under Occupation Permit No. NK97/78, the subject building is permitted to be used for godown purposes. According to the Explanatory Notes attached to the Outline Zoning Plan, no action is required to make the existing use of any land or building conform to the above current Outline Zoning Plan until there is a change of use or the building is redeveloped.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
3. No. 6 Tung Yuen Street Yau Tong Kowloon Yau Tong Marine Lot No. 68	<p>The property comprises a batching plant erected on a site with a registered site area of approximately 2,293.76 sq.m. (24,690 sq.ft.). The plant was completed in about 1997.</p> <p>The property is held under Conditions of Sale No. 10752 for a term of 99 years less the last 3 days thereof from 1st July, 1898 which has been statutorily extended to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	The property is occupied by the Redland group for the purpose of concrete production.	HK\$64,000,000 (100% interest attributable to the enlarged group: HK\$64,000,000)

Notes:

- (1) The registered owner of the property is First Route Limited (銳致有限公司).
- (2) According to the certificate of title issued by the company's legal advisers on laws in Hong Kong in relation to the property:
 - (a) according to a new Practice Note for Authorised Persons and Registered Structural Engineers ("RSE") No. 255 issued by the Buildings Department in March 2002 ("Practice Note") in respect of Concrete Batching Plant ("CBP"), the structural safety of a CBP erected prior to 1st May, 2002 has to be demonstrated through submission of satisfactory appraisal reports issued by a RSE by 30th October, 2002 and that such plant has to be properly maintained;
 - (b) the Yau Tong plant was erected on the property prior to 1st May, 2002 and accordingly, appraisal report will have to be submitted to the Buildings Department according to the Practice Note and to obtain an acknowledgement from the Buildings Department ("Acknowledgement");
 - (c) by a letter dated 29th April 2003 from Chan & Wong Architects and Engineers Ltd. (the "Architects") to the Buildings Department, the Architects submitted to the Buildings Department 1 set of duly signed design calculation and 1 set of duly signed design drawings (collectively "the Structural Calculation and Drawings of the Yau Tong plant") in respect of the Yau Tong plant;
 - (d) by another letter dated 9th May, 2003 from the Architects to the Redland group, the Architects confirmed that (i) the design calculation and details for the Yau Tong plant had been prepared in accordance with the "Code of Practice for Structural Use of Steel — 1987", "Code of Structural Use of Concrete — 1987" and "Code of practice on Wind Effects in Hong Kong — 1983"; and (ii) the Yau Tong plant had been properly and safely designed and the design had been checked and found to be satisfactory;
 - (e) by a third letter dated 26th May, 2003 from the Architects to the Redland group, the Architects confirmed that (i) they had not received any further comments from the Buildings Department; and (ii) they believed that the likely comments to be given by the Buildings Department would be request for further justification or elaboration on the design calculations and the Architects believe that the submission would not be adversely affected; and
 - (f) as advised by the Architects, if the Buildings Department is satisfied with the Structural Calculation and Drawings of the Yau Tong plant, it will issue the Acknowledgement which is evidence of full compliance with the requirements of the Practice Note.

- (3) The Redland group has confirmed that it will comply with all legitimate requests of the Buildings Department. Based on the Redland group's experience in obtaining the Acknowledgement for another CBP erected on Property No. 6 and in the light of the Architect's opinion mentioned above, the Redland group is of the view that there is no practical difficulty in obtaining the Acknowledgement for the CBP erected on the property.
- (4) The property is currently zoned for "Residential (Group E)" purpose under Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/15 dated 21st June, 2002.
- (5) The property was zoned for "Industrial" purpose in 1997 when the plant was built. As far as the town planning is concerned, the current "Residential (Group E)" zoning of the property has no adverse effect on the usage and occupancy of the property, subject to obtaining the aforesaid Acknowledgement.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
4. A batching plant situated at Tong Yan San Tsuen Road Tong Yan San Tsuen Yuen Long New Territories	The property comprises a batching plant erected on four adjoining agricultural lots with a total site area of approximately 4,365.38 sq.m. (46,989 sq.ft.). The plant was completed in about 2001.	The property is occupied by the Redland group for the purpose of concrete production.	HK\$11,000,000 (100% interest attributable to the enlarged group: HK\$11,000,000)
The Remaining Portions of Lots Nos. 1265, 1207 and 1842 and Section A of Lot No. 1208 all in Demarcation District No. 121	Lots Nos. 1265, 1207 and 1208 of the property are held under Government leases for terms of 75 years renewed for 24 years less the last 3 days thereof from 1st July, 1898 which have been statutorily extended to 30th June, 2047. Lot No. 1842 is held under Tai Po New Grant No. 7575, but the document was lost and untraceable. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the lot per annum.		

Notes:

- (1) The registered owner of the property is Standard Wealth Investment Limited (大盈利投資有限公司).
- (2) A short term waiver No. 2530 which allows the subject lots to be used for the purpose of concrete batching against its original use as agricultural land was offered by the District Lands Office, Yuen Long, Lands Department to Standard Wealth Investment Limited (大盈利投資有限公司) on 23rd October, 2001. According to the subject Short Term Waiver letter, the term of the waiver will be for a period of 6 months from 20th June, 2001 and thereafter automatically renewed quarterly subject to a three-month's notice of termination in writing given by either Standard Wealth Investment Limited (大盈利投資有限公司) or the District Lands Office, Yuen Long, Lands Department. The Redland group has not received and does not expect to receive any notice of termination of the waiver. The total built-over area of the property shall not exceed 730 sq.m. with the maximum office area of 30 sq.m. at a height limit of 3m. and the maximum concrete production plant building area of 700 sq.m. at a height limit of 25m. with cement silos. By an acceptance letter dated 10th October, 2002 from Standard Wealth Investment Limited (大盈利投資有限公司) to Yuen Long District Lands Officer, Standard Wealth Investment Limited (大盈利投資有限公司) has accepted the offer and agreed to all the terms as stated in the short term waiver save and except the waiver fee. The waiver fee offered by the government is HK\$500,025 per quarter. The Redland group is currently in the process of appealing against the waiver fee imposed and therefore no waiver fee has yet to be paid. Redland group has confirmed that it will pay the waiver fee once it has been finalised and all ancillary fees and expenses charged by the District Lands Office, Yuen Long, Lands Department and will sign the waiver agreement when it is prepared by the District Lands Office, Yuen Long, Lands Department. The company was advised that no penalty or fine will be imposed on the Redland group for the delay in payment caused by the appeal save and except for interests accrued on the amount of waiver fee finally agreed for the period from the date of the grant of waiver to the actual date of payment.
- (3) The Remaining Portion of Lot No. 1842 in Demarcation District No. 121 ("Lot No. 1842") is held under New Grant No. 7575. According to the certificate of title issued by the company's legal advisers on laws in Hong Kong in relation to the property:
 - (i) The New Grant No. 7575, which is part of the documents required for proof of a good title to Lot No. 1842, was lost;

- (ii) Section 13(1) of the Conveyancing and Property Ordinance (Cap. 219) (“CPO”) provides that a purchaser of land is entitled to require the vendor to produce (amongst others) the original or a certified copy of the Government lease relating to the land sold as proof of title to that land;
- (iii) As the New Grant No. 7575 (which is the Government lease of Lot No. 1842) was lost, the Redland group will not be able to prove good title to Lot No. 1842 in accordance with Section 13(1) of CPO in its future sale or mortgage of the property;
- (iv) Although the Redland group would not be able to prove good title of Lot No. 1842 without production of the original or a certified copy of the New Grant No. 7575 on any future sale or mortgage of Lot No. 1842, the right of Standard Wealth Investment Limited (大盈利投資有限公司) (a member of the group) as the registered owner of Lot No. 1842 would not be affected because Standard Wealth Investment Limited (大盈利投資有限公司) is in possession of all the other title deeds and documents of Lot No. 1842 for proof of title; and
- (v) The loss of the New Grant No. 7575 is not a ground on which the Government may re-enter Lot No. 1842.

In undertaking our valuation of Lot No. 1842, we have taken into account the possible effect of such title defect.

- (4) Portion of The Remaining Portion of Lot No. 1265 in Demarcation District No. 121 with an area of approximately 4.6 sq.m. (50 sq.ft.) was reverted to the Government on 27th January, 2001. This portion of area has been excluded from the above mentioned total site area.
- (5) According to the certificate of title issued by the company’s legal advisers on laws in Hong Kong in relation to the property:
 - (a) as the Yuen Long plant was erected on the property prior to 1st May, 2002, the company has to submit the appraisal report of the plant to the Buildings Department as required by the Practice Note and to obtain an acknowledgement from the Buildings Department (“Acknowledgement”);
 - (b) by a letter dated 17th December, 2002 from the Architects to the Buildings Department, the Architects submitted to the Buildings Department 1 set of duly signed design calculation and 1 set of duly signed design drawings (collectively “the Structural Calculation and Drawings of the Yuen Long plant”) in respect of the Yuen Long plant;
 - (c) by another letter dated 27th March, 2003 from the Architects, the Architects confirmed that (i) the design calculation and details for the Yuen Long plant had been prepared in accordance with the “Code of Practice for Structural Use of Steel — 1987”, “Code of Structural Use of Concrete — 1987” and “Code of Practice on Wind Effects in Hong Kong — 1983” and (ii) the Yuen Long plant had been properly and safely designed and the design had been checked and found to be satisfactory; and
 - (d) by a third letter dated 10th May, 2003 from the Architects, the Architects confirmed that they had received comments from the Buildings Department on the Structural Calculation and Drawings of the Yuen Long plant and the said comments were being handled and replies would be made as soon as possible.
- (6) The Redland group has confirmed that it will comply with all legitimate requests made by the Buildings Department. Based on the Redland group’s experience in obtaining the Acknowledgement for another CBP erected on Property No. 6 and in the light of the Architect’s opinion mentioned above, the Redland group is of the view that there is no practical difficulty in obtaining the Acknowledgement.
- (7) The property is currently zoned for “Industrial (Group D)” purpose under Tong Yan San Tsuen Outline Zoning Plan No. S/YL-TYST/7 dated 22nd October, 2002.
- (8) As the Government has agreed to grant the aforesaid short term waiver for concrete batching purpose, the use of the property for concrete batching should be regarded as permitted use notwithstanding the zoning plan mentioned in Note (7) above.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
5. A storage situated at Ma Fung Ling Road Tong Yan San Tsuen Yuen Long New Territories	The property comprises five adjoining agricultural lots with a total site area of approximately 1,086.68 sq.m. (11,697 sq.ft.).	The property is occupied by the Redland group mainly for mixer truck parking and open storage purpose.	HK\$1,750,000 (100% interest attributable to the enlarged group: HK\$1,750,000)
The Remaining Portion of Lot No. 1390, Section A of Lot No. 1391, Lots Nos. 1393, 1394 and 1395 all in Demarcation District No. 121	The property is held under various Government leases all for terms of 75 years renewed for 24 years less the last 3 days thereof from 1st July, 1898 which have been statutorily extended to 30th June, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the lot per annum.		

Notes:

- (1) The registered owner of the property is General Perfect Limited (金得旺有限公司).
- (2) The property is subject to a mortgage dated 30th November, 1994 in favour of The Hongkong and Shanghai Banking Corporation Limited to secure all sums from time to time advanced by The Hongkong and Shanghai Banking Corporation Limited to Redland Concrete Limited (中港混凝土有限公司).
- (3) The property is currently zoned for "Residential (Group B) 1" purpose under Tong Yan San Tsuan Outline Zoning Plan No. S/YL-TYST/7 dated 22nd October, 2002.
- (4) According to the Explanatory Notes attached to the Outline Zoning Plan, no action is required to change the use of any land or building in the area which was in existence immediately before the first publication of the Notice of the draft development permission area plan in relation thereto in the Gazette to conform to the above current Outline Zoning Plan.
- (5) There is no evidence to prove that the existing uses of the property for mixer truck parking and open storage purposes were uses in existence immediately before the first publication of the Notice of the draft development permission area plan in the above mentioned Gazette. The Redland group may be requested to cease to use the property for mixer truck parking and open storage purposes if they are proved to be unauthorised usage under the Town Planning Ordinance.
- (6) The Redland group has confirmed that if the relevant government authorities order for cessation of the present uses of the property, the Redland group will comply with such order and the car-parking and storage area can be easily relocated at low costs and the operations of the Redland group will not be adversely affected.

Group II — Property interests rented by the Redland group in Hong Kong

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
6. Parcel of ground held under Short Term Tenancy No. 3450 situated at Area 30 Container Port Road South Kwai Chung New Territories	<p>The property comprises a batching plant erected on a site with a site area of approximately 1,690 sq.m. (18,191 sq.ft.). The batching plant was completed in about 1998.</p> <p>The property is rented by the Redland group from the Government under Short Term Tenancy No. 3450 for a term of 3 years from 1st February, 2001 to 31st January, 2004 and thereafter quarterly until such time as the tenancy is terminated. The current rent payable to the Government is HK\$1,436,125 per quarter exclusive of rates, utilities charges and other outgoings. The rent may be revised by the Government at its sole discretion on or after the expiry of every third year of the tenancy. Both parties are entitled to terminate the tenancy by giving at least 3 months' notice in writing to expire at the expiration of the third year of the term or thereafter to expire at any time. However, the Government is entitled to terminate the tenancy if the property shall be required for the improvement of Hong Kong or for other public purpose by giving one month's notice in writing. If such termination occurs during the first 3 years of the term, the tenant shall be paid compensation as determined by the Director of Lands at his absolute discretion.</p>	No commercial value

Notes:

- (1) The property is currently zoned for "Other Specified Uses (Container Related Uses)" under Kwai Chung Outline Zoning Plan No. S/KC/19 dated 6th December, 2002.
- (2) As the property is leased by the Government under a Short Term Tenancy for the purpose of concrete batching, the use of the property for concrete batching should be regarded as permitted use notwithstanding the zoning plan mentioned in Note (1) above.
- (3) Acknowledgement has been obtained in respect of the batching plant erected on this property which is the evidence of full compliance with the requirements of the Practice Note.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
7. The Remaining Portion of Lot No. 1263 in Demarcation District No. 121 Tong Yan San Tsuen Road Yuen Long New Territories	<p>The property comprises an agricultural lot with a registered site area of approximately 1,268.12 sq.m. (13,650 sq.ft.) on which various single storey temporary structures are erected.</p> <p>The total floor area of the temporary structures is approximately 185.80 sq.m. (2,000 sq.ft.). The property is currently occupied by the Redland group as open space parking area and workshop for vehicle maintenance.</p> <p>The property is rented by the Redland group for a term of 3 years from 1st March, 2001 to 28th February, 2004 at a current rent of HK\$20,000 per month exclusive of rates.</p>	No commercial value

Notes:

- (1) The report on tenancy issued by the company's legal advisers on laws in Hong Kong in relation to the property specifies, among others, that:
- (a) (i) according to the Yuen Long New Territories Land Registry record, the registered owner of the property is Tang Sui (Or Shou) Hak (Or Har or Huk) Tso with Tang Chu Sau as "New Manager". No documentation has been provided to show that the landlord has the right to let/sub-let the property to the Redland group.
 - (ii) Since the registered owner is now applying for a short term waiver to use the property as workshop for vehicle maintenance and the registered owner is aware of the Redland group's occupation of the property, the registered owner is estoppel from denying the Redland group's right to occupy the property. However, the registered owner may dispute the terms of the tenancy agreement including the amount of rent. In such circumstances, the registered owner may claim against the Redland group for profits that could be derived from the property whilst possession is held by the Redland group. In the event where such claim is made against the Redland group, the Redland group may claim against the landlord for breach of the tenancy agreement.
 - (b) (i) according to the Block Government Lease affecting the property, the property is demised as agricultural or garden ground and a waiver from the District Lands Office, Yuen Long is required to convert the property into use for building purposes. Further, the approval of the Buildings Department is required to erect buildings or structures on the property and the permission of the Town Planning Board is also required for the property to be used as a workshop for vehicle maintenance.
 - (ii) The registered owner is now applying to the District Lands Office, Yuen Long for a short term waiver to use the property as workshop for vehicle maintenance.
 - (iii) In the event that the aforesaid waiver, approval or permission is not being obtained, the Redland group may be asked by the relevant government authority to cease to use the property as workshop for vehicle maintenance and to demolish the existing buildings and/or structures erected thereon.
 - (iv) The Redland group confirms that the vehicle maintenance workshop can be easily relocated at low costs and its business operations will not be affected in such circumstances.
- (2) The property is currently zoned for "Industrial (Group D)" purpose under Tong Yan San Tsuen Outline Zoning Plan No. S/YL-TYST/7 dated 22nd October, 2002.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
8. Lot No. 2899 in Demarcation District No. 111 Pat Heung Yuen Long New Territories	<p>The property comprises an agricultural lot with a registered site area of approximately 1,858.05 sq.m. (20,000 sq.ft.).</p> <p>The property is currently occupied by the Redland group for open space parking purpose.</p> <p>The property is rented by the group for a term of 2 years from 1st August, 2002 to 31st July, 2004 at a rent of HK\$10,000 per month inclusive of government rent but exclusive of rates.</p>	No commercial value

Notes:

- (1) The report on tenancy issued by the company's legal adviser on laws in Hong Kong in relation to the property specifies, among others, that:
 - (a) according to the Yuen Long New Territories Land Registry record, the registered owner of the property is Tang Tat Lam Tso with Tang Loi Fat as "Manager". No documentation has been provided to show that the landlord has the right to let/sub-let the property to the Redland group. If the landlord does not have the right to grant the tenancy, the registered owner may ask the Redland group to deliver vacant possession of the property and claim for profits that could be derived from the property whilst possession is held by the Redland group. The Redland group may claim against the landlord for breach of the tenancy agreement. The Redland group confirms that even in the event of losing the right to use the property, the car parking area can be easily relocated at low costs and its business operations will not be affected.
- (2) The property is currently zoned for "Residential (Group D)" purpose under Pat Heung Outline Zoning Plan No. S/YL-PH/6 dated 27th June, 2000.
- (3) According to the Explanatory Notes attached to the Outline Zoning Plan, no action is required to change the use of any land or building in the area which was in existence immediately before the first publication of the Notice of the draft development permission area plan in the Gazette in relation thereto to conform to the above current Outline Zoning Plan.
- (4) There is no evidence to prove that the existing use of the property for open parking purpose was the use in existence immediately before the first publication of the Notice of the draft development permission area plan in the Gazette. The Redland group may be requested by the relevant government authorities to cease to use the property for car parking purpose if it is proved to be an unauthorised usage under the Town Planning Ordinance. The Redland group has confirmed that it will comply with such request, the car-parking area can be easily relocated at low costs and its business operations will not be affected.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
9. Berth No. TM11 at Tuen Mun Public Cargo Working Area Area 16 Tuen Mun New Territories	<p>The property comprises a vessel berthing space at the waterfront of Tuen Mun Public Cargo Working Area.</p> <p>The property provides a berthing space of approximately 46 metres long and 50 metres wide and is currently occupied by the Redland group for the purpose of loading/unloading of sand, cement and aggregates.</p> <p>The property is rented by the Redland group for a term of 18 months from 1st August, 2002 to 31st January, 2004 at a rent of HK\$98,000 per month inclusive of outgoings relating to the use of the berthing space.</p>	No commercial value

Notes:

- (1) The report on tenancy issued by the company's legal advisers on laws in Hong Kong in relation to the property specifies, among others, that:
- (a) (i) according to the advice of the Marine Department and Government Gazette No. GN2755, the contractor who has been granted the right to use the property is Wai Sang Handling Transportation Company Limited. No documentation has been provided to prove that the landlord has the right to let/sub-let the property to the Redland group.
 - (ii) If the landlord does not have the right to grant the tenancy, the aforesaid contractor may ask the Redland group to deliver vacant possession of the property and claim for profits that could be derived from the property whilst possession is held by the Redland group. The Redland group may claim against the landlord for breach of the tenancy agreement.
 - (iii) As advised by the Redland group, in the unlikely event of the Redland group losing the right to use the property, the Redland group will make use of other similar vessel berthing space which could be available at no extra rental and transportation costs.
 - (b) the tenancy agreement is not stamped. In the event that the tenancy agreement is required to be provided as evidence in any court proceedings, the same will be received in evidence in court proceedings upon payment of stamp duty and penalty.
- (2) The property is currently zoned for "Other Specified Uses (Special Industries Area)" purpose under Tuen Mun Outline Zoning Plan No. S/TM/17 dated 24th January, 2003.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
10. Factories A and B on 7th Floor, Block 3, Tai Ping Industrial Centre 53 Ting Kok Road Tai Po New Territories	<p>The property comprises all the workshop units on the 7th floor of a 16-storey plus basement industrial building completed in 1983.</p> <p>The total gross floor area of the property is approximately 1,266.63 sq.m. (13,634 sq.ft.). The property is currently occupied by the Redland group as testing laboratories for construction materials with ancillary office.</p> <p>The property is rented by the Redland group for a term of 3 years from 1st February, 2001 to 31st January, 2004 at a rent of HK\$69,000 per month exclusive of rates and management fee. The lease contains an option to renew for a further term of one year at the then prevailing market rent.</p>	No commercial value

Note:

The property is currently zoned for "Other Specified Uses (Business)" purpose under Tai Po Outline Zoning Plan No. S/TP/16 dated 5th July, 2002.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
11. Flat B on 1st Floor No. 34 Discovery Bay Road Coastline Villa Peninsula Village Discovery Bay City Lantau Island New Territories	<p>The property comprises a domestic unit on the 1st floor of a 6-storey residential building completed in 1996.</p> <p>The gross floor area of the property is approximately 144.93 sq.m. (1,560 sq.ft.). The property is currently occupied by the Redland group as staff quarters.</p> <p>The property is rented by the Redland group for a term of 3 years from 15th July, 2000 to 14th July, 2003 at a rent of HK\$30,000 per month inclusive of rates, management fees and government rent but exclusive of the monthly subscription fees payable to the residents club. The tenant is entitled to terminate the tenancy by giving 2 months' notice in writing at any time after 14th January, 2002.</p>	No commercial value

Note:

The property is currently zoned for "Residential (Group C)" purpose under Discovery Bay Outline Zoning Plan No. S/I-DB/2 dated 11th March, 2003.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
12. 8th Floor Kaiseng Commercial Centre 4-6 Hankow Road Tsimshatsui Kowloon	<p>The property comprises the whole of the 8th floor of a 17-storey plus basement commercial building completed in 1985.</p> <p>The gross floor area of the property is approximately 384.62 sq.m. (4,140 sq.ft.). The property is currently occupied by the Redland group as office use.</p> <p>The property is rented by the Redland group for a term of 2 years from 1st March, 2002 to 29th February, 2004 at a rent of HK\$45,540 per month exclusive of rates and air-conditioning charges/management fees.</p>	No commercial value

Note:

The property is currently zoned for "Commercial" purpose under Tsim Sha Tsui Outline Zoning Plan No. S/K1/16 dated 22nd October, 2002.

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
13. 15th Floor Kaiseng Commercial Centre 4-6 Hankow Road Tsimshatsui Kowloon	<p>The property comprises the whole of the 15th floor of a 17-storey plus basement commercial building completed in 1985.</p> <p>The gross floor area of the property is approximately 384.62 sq.m. (4,140 sq.ft.). The property is currently occupied by the Redland group as office use.</p> <p>The property is rented by the Redland group for a term of 2 years from 1st March, 2002 to 29th February, 2004 at a rent of HK\$45,540 per month exclusive of rates and air-conditioning charges/management fees.</p>	No commercial value

Note:

The property is currently zoned for "Commercial" purpose under Tsim Sha Tsui Outline Zoning Plan No. S/K1/16 dated 22nd October, 2002.

Group III — Property interest held by the Redland group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
14. Unit 401 Block 22 Bibo Garden Yanhe Road Luohu District Shenzhen City Guangdong province	<p>The property comprises a residential unit on the 4th floor of a 6-storey residential building completed in 1989.</p> <p>The property has an apportioned site area and gross floor area of approximately 121.69 sq.m. (1,310 sq.ft.) and 153.11 sq.m. (1,648 sq.ft.) respectively.</p> <p>The land use rights of the property has been granted for a term of 50 years from 28th October, 1985 to 27th October, 2035 for residential use.</p>	The property is currently vacant.	HK\$450,000 (100% interest attributable to the enlarged group: HK\$450,000)

Notes:

- (1) According to Real Estate Title Certificate No. 0014559 issued by the People's Government of Shenzhen (深圳市人民政府) on 23rd March, 1992, the property with gross floor area of 153.11 sq.m. was granted to Redland Concrete Limited (中港混凝土有限公司) for a term of 50 years from 28th October, 1985 to 27th October, 2035 for residential use. The total transfer price was RMB535,880.
- (2) According to the PRC legal opinion:
 - (i) Redland Concrete Limited (中港混凝土有限公司) has legally obtained the land use rights and building ownership of the property with a gross floor area of 153.11 sq.m.. The land use rights has been granted for a term from 28th October, 1985 to 27th October, 2035 for residential use.
 - (ii) Redland Concrete Limited (中港混凝土有限公司) is entitled to freely transfer, lease, mortgage or dispose of the land use rights together with the building ownership of the property.
- (3) Based on the PRC legal opinion and the information provided by the Redland group, we have prepared our valuation on the following basis:
 - (i) Redland Concrete Limited (中港混凝土有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property interest in its existing state and condition for residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all land premium and costs of urban utilities have been settled in full;
 - (iii) the design and construction of the property as set out in this valuation certificate is in compliance with the local planning regulations; and
 - (iv) the property interest can be disposed of freely to third parties.
- (4) In accordance with the PRC legal opinion and the information provided by the Redland group, the status of title and grant of major approvals and licenses are as follows:

Real Estate Title Certificate

Yes

Group IV — Property interests held and occupied by the enlarged group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
15. A cement plant at Eastern Plot of Litang Town Binyang County Guangxi ZAR	<p>The property comprises 152 buildings and structures erected upon 6 plots of irregular-shaped site having a total site area of approximately 1,564,769.73 sq.m. (16,843,181 sq.ft.).</p> <p>The buildings and structures were completed in different phases from 1984 to 1995.</p> <p>The property has a total gross floor area of approximately 89,367.94 sq.m. (961,957 sq.ft.), excluding the area of those ancillary structures.</p> <p>The land use rights of the property has been granted for a term due to expire on 23rd January, 2052 mainly for production plant, quarry and highway.</p>	The property is currently occupied by the enlarged group as production plant, quarry, highway, and other ancillary uses.	<p>HK\$145,500,000 (70% interest attributable to the enlarged group: HK\$101,850,000)</p>

Notes:

- (1) According to 6 Certificates for the Use of State-owned Land issued by Binyang County Land Administration Bureau (賓陽縣土地管理局) all on 24th January, 2002, the land use rights of the property comprising a total site area of 1,564,769.73 sq.m. were granted to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) for a term due to expire on 23rd January, 2052. The details are summarised as follows:

No.	Certificate No.	Location	Use of land	Site area (sq.m.)
1.	(2002) 08	No. 268 Yong An Dong Road, Litang Town Binyang County	Production Plant	481,769.33
2.	(2002) 09	No. 268 Yong An Dong Road, Litang Town Binyang County	Lime stone quarry (石灰岩礦山)	813,180.00
3.	(2002) 10	Eastern Plot of Litang Town, Binyang County	Sand Stone quarry (粉砂岩礦山)	154,346.67
4.	(2002) 11	Eastern Plot of Litang Town, Binyang County	Highway for Sand Stone Quarry	59,849.40
5.	(2002) 12	Eastern Plot of Litang Town, Binyang County	Sand Stone Crushing (砂岩破碎)	20,986.67
6.	(2002) 13	Lincunshandi, Chao Chang Village Litang Town, Binyang County	Highway for quarry	34,637.66
Grant Total:				1,564,769.73

- (2) According to 6 Grant Contracts for the Use of State-owned Land issued by Binyang County Land Administration Bureau (賓陽縣土地管理局) (Party A) on 23rd January, 2002, the land use rights of the property comprising a total site area of 1,564,769.73 sq.m. were granted to Guangxi Hongshuihe Cement Joint Stock Company Limited (廣西紅水河水泥股份有限公司) (Party B) for a term of 50 years due to expire on 23rd January, 2052. The details are summarised as follows:

Grant Contract No.	Use of Land	Site Area (sq.m.)	Land Premium
(2002) 35	Transportation/Highway	34,637.66	RMB17,318.83
(2002) 36	Transportation/Road	59,849.40	RMB29,923.34
(2002) 37	Transportation/Road	481,769.33	RMB240,884.67
(2002) 38	Plant Room Construction	20,986.67	RMB10,493.34
(2002) 39	Production Plant	154,346.67	RMB77,173.34
(2002) 40	Raw Material/Quarry	<u>813,180.00</u>	RMB406,590.00
	Total	<u>1,564,769.73</u>	

Notes:

- Upon full settlement of the land premium, Party B is entitled to transfer the land use rights of the property to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司).
 - According to 6 official receipts issued by Party A on 23rd January, 2002, Party B has settled the land premium in full. Therefore, Party B is entitled to transfer the land use rights of the property to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司).
- (3) According to Building Ownership Certificate No. 20020059 issued by Binyang County Real Estate Administration Bureau (賓陽縣房屋管理局) on 22nd January, 2002, the building ownership of the property comprising 189 buildings and structures having a total gross floor area of 97,905.77 sq.m. are held by Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司).
- Note:* According to the information provided to us and our site inspection, we note some buildings had been demolished and only 152 buildings with a total gross floor area of 89,367.94 sq.m. are being occupied. As per the instruction by the enlarged group, we have valued the property with a total gross floor area of 89,367.94 sq.m..
- According to Mortgage Agreement No. (2002) 069001 between Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) (Party A) and Industrial and Commercial Bank of China, Guangxi Branch Sales Department (中國工商銀行廣西區分行營業部) (Party B) and a Third Party Rights Certificate (他項權利登記證) No. 20020028 issued by Binyang County Land and Building Administration Bureau (賓陽縣黎塘房地產管理局), portions of the property with a total gross floor area of 95,583.09 sq.m. are certified to be subject to a mortgage in favour of Party B until the full settlement of the principal amount and interest.
 - According to Business Licence No. 003430 dated 2nd January, 2003, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was incorporated as a sino-foreign equity joint venture enterprise with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.

- (6) According to the PRC legal opinion:
- (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was duly incorporated with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
 - (ii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has legally obtained the land use rights and building ownership of the property with a total site area of 1,564,769.73 sq.m. and total gross floor area of 89,367.94 sq.m. for the use as production plant, quarry and highway. The land use term is due to expire on 23rd January, 2052.
 - (iii) The property comprising a total gross floor area of 95,583.09 sq.m. is subject to a mortgage in favour of Industrial and Commercial Bank of China, Guangxi Branch Sales Department.
 - (iv) Written permission from the mortgagee is required in the event Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) decides to remortgage, lease, transfer or dispose of the land use rights together with the building ownership of the property which is subject to the mortgage referred to in (iii) above.
- (7) Based on the PRC legal opinion and the information provided by the enlarged group, we have prepared our valuation on the following basis :
- (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property interest in its existing state and condition for the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all land premium and costs of urban utilities have been settled in full;
 - (iii) The design and construction of the property as set out in this valuation certificate is in compliance with the local planning regulations; and
 - (iv) The property can be disposed of freely to third parties.
- (8) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Mortgage Agreement	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
16. A cement plant at Fu Lu Sha Management District, Shatian Town Dongguan City Guangdong province	<p>The property comprises 31 buildings and structures erected on 2 plots of contiguous industrial land with a total site area of approximately 173,466 sq.m. (1,867,188 sq.ft.). The buildings and structures were completed in 1996 and 1997 respectively.</p> <p>The property comprises a total gross floor area of approximately 38,343.10 sq.m. (412,725 sq.ft.), excluding the area of those ancillary structures.</p> <p>The land use rights of the property has been granted for a term of 50 years due to expire on 25th August, 2046 and December 2043 for industrial and ancillary facilities uses.</p>	The property is currently owner-occupied for cement production purpose.	<p>HK\$153,000,000 (70% interest attributable to the enlarged group: HK\$107,100,000)</p>

Notes:

(1) According to 2 Certificates for the Use of State-owned Land:

	Certificate No. (1997) 81	Certificate No. (1994) 218
(i) Location	: Fu Lu Sha Management District, Shatian Town	Fu Lu Sha Management District, Shatian Town
(ii) Owner	: Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司)	Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司)
(iii) Site area	: 6,962 sq.m.	166,504 sq.m.
(iv) Land use term	: From 26th August, 1996 to 25th August, 2046	Due to expire in December 2043
(v) Use	: Industrial and ancillary facilities	Industrial

- (2) According to 31 buildings ownership certificates, the building ownership of the property comprising 31 buildings with a total gross floor area of 38,343.10 sq.m. has been granted for a term of 50 years with details as follows:

Certificate No.	No. of Storey	Use	Gross Floor Area (sq.m.)
C1436241	4	Office	1,917.90
C1436242	5	Quarter	2,646.70
C1436245	4	Quarter	1,638.60
C1436243	5	Quarter	2,641.00
C1436244	2	Canteen	802.00
C1436267	1	Office	28.60
C1436275	2	Main Plant	1,989.40
C1436277	1	Fire Pump Room	122.40
C1436261	1	High Pressure Pump Room	345.00
C1436263	2	High Pressure Power Supply Room	533.40
C1436264	1	#1 Transformer Room	72.70
C1436276	1	Oil Treatment Room	42.60
C1436273	1	Oil Pump Room	44.00
C1436278	1	Oil Pump Room	119.10
C1436268	1	Crushing Room	235.50
C1436280	1	Circulation Pump Room	69.40
C1436281	1	High Pressure Machine Room	105.00
C1436282	1	Transformer Room	69.80
C1436284	1	Circulation Pump room	99.00
C1436246	1	Warehouse	1,945.00
C1436249	16	Cement Mill	8,680.00
C1436260	1	Material Storage Room	1,328.00
C1436247	2	Testing Room	428.00
C1436262	1	Machine Room	515.50
C1436266	2	Office	57.20
C1436274	1	Oil Storage Room	101.70
C1436250	1	Cement Storage Room	842.00
C1536279	1	Office	25.60
C1436265	1	Gypsum Storage Room	600.00
C1436269	1	Material Storage Room	5,149.00
C1436270	1	Material Storage Room	5,149.00
		Total:	38,343.10

- (3) According to Business License No. 002781, Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司) was established with a registered capital of HK\$149,000,000 with a valid operation period from 23rd May, 1994 to 22nd May, 2024.

- (4) According to the PRC legal opinion:

- (i) Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司) was duly incorporated with a registered capital of HK\$149,000,000 with a valid operation period from 23rd May, 1994 to 22nd May, 2024.
- (ii) Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司) has legally obtained the land use rights and building ownership of the property with a total site area of 173,466 sq.m. and total gross floor area of approximately 38,343.1 sq.m.. The land use term has been granted for a term of 50 years due to expire on 25th August, 2046 and December 2043 for industrial and ancillary facilities uses.
- (iii) Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司) is entitled to freely transfer, lease, mortgage or dispose of the land use rights together with the building ownership of the property.

- (5) Based on the PRC legal opinion and the information provided by the enlarged group, we have prepared our valuation on the following basis:
- (i) Dongguan Huarun Cement Manufactory Co., Ltd. (東莞華潤水泥廠有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property interest in its existing state and condition for the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all land premium and costs of urban utilities have been settled in full;
 - (iii) the design and construction of the property as set out in this valuation certificate is in compliance with the local planning regulations; and
 - (v) the property interest can be disposed of freely to third parties.
- (6) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
Building Ownership Certificate	Yes
Red-line Drawing (site plan)	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
17. Two plots of land at Legou Zuoye District, Qinzhou Harbour, Qinzhou City, Guangxi ZAR	The property comprises 2 plots of contiguous land. The total site area is 100,766.96 sq.m. (1,084,656 sq.ft.). The property is planned to be developed into a 50,000 tonnes pier. The land use rights of the property has been granted for a term due to expire on 18th December, 2048 for storage use.	The property is currently a levelled site.	HK\$14,900,000 (67% interest attributable to the enlarged group: HK\$9,983,000)

Notes:

- (1) According to 2 Certificates for the Use of State-owned Land:

	Certificate No. (2003) DO25	Certificate (2003) DO24
(i) Location	: Legou Zuoye District Qinzhou City	Legou Zuoye District Qinzhou City
(ii) Owner	: Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司)	Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司)
(iii) Site area	: 53,333.60 sq.m.	47,433.36 sq.m.
(iv) Land use term	: Due to expire on 18th December, 2048	Due to expire on 18th December, 2048
(v) Use	: Storage	Storage

- (2) According to an approval document (2002) 10 dated 4th September, 2002, the project has been approved with a construction scale of 50,000 tonnes pier.

- (3) According to Business License No. 4507001001419, Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司) was established with a registered capital of RMB2,000,000 with a valid operation period from 24th July, 2002 to 24th July, 2052. Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司) is a 95% owned subsidiary of Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司).

- (4) According to the PRC legal opinion:

- (i) Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司) was duly incorporated with a registered capital of RMB2,000,000 with a valid operation period from 24th July, 2002 to 24th July, 2052.
- (ii) Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司) has legally obtained the land use rights with a site area of 100,766.96 sq.m.. The land use term is due to expire on 18th December, 2048 for storage use.
- (iii) Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司) is entitled to freely transfer, lease, mortgage or dispose of the land use rights of the property.

- (5) Based on the PRC legal opinion and the information provided by the enlarged group, we have prepared our valuation on the following basis:
- (i) Guangxi China Resources Hongshuihe Pier Storage Company Limited (廣西華潤紅水河碼頭倉儲有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property interest in its existing state and condition for residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all land premium and costs of urban utilities have been settled in full;
 - (iii) the design and construction of the property as set out in this valuation certificate is in compliance with the local planning regulations; and
 - (iv) the property interest can be disposed of freely to third parties.
- (6) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
Red-line Drawing (site plan)	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
18. A plot of land at Makeng Shenwan Town Zhongshan City Guangdong province	<p>The property comprises a plot of irregular-shaped land having a site area of approximately 3,277.09 sq.m. (35,275 sq.ft.).</p> <p>The property is planned to be developed as a cement plant interchange station with a berth length of 50m.</p> <p>The land use rights of the property has been granted for a term of 50 years to be expired on 24th July, 2048 for industrial use.</p>	The property is currently occupied by some ancillary structures.	HK\$400,000 (70% interest attributable to the enlarged group: HK\$280,000)

Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2003) 320027, issued by Zhongshan Land Resources Administration Bureau (中山市國土資源局) on 17th January, 2003, the land use rights of the property has been granted to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司). The details are summarised as follows:
- (i) Location : Makeng, Shenwan Town, Zhongshan City
- (ii) Use of land : Industrial
- (iii) Land use term : 50 years to be expired on 24th July, 2048
- (iv) Site area : Approximately 3,277.09 sq.m.
- (2) According to Land Use Rights Transfer Contract entered into between Zhongshan Shenwan Real Estate Development Limited (中山市神灣鎮房地產開發公司) (Party A) and Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) (Party B) in February 2002, Party A has agreed to transfer the land use rights of the property to Party B. The details are summarised as follows:
- (i) Location : Makeng, Shenwan Town, Zhongshan City
- (ii) Site area : Approximately 5 Mu (3,333 sq.m.)
- (iii) Land premium : Approximately RMB397,500
- (iv) Payment schedule : 1. Deposit of RMB100,000 payable by Party B within 7 days of the agreement.
2. Payment of RMB100,000 payable by Party B before 30th June, 2002.
3. Payment of the remaining balance of RMB197,500 before 31st December, 2002.
- (3) According to Business License No. 003430 dated 2nd January, 2003, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was incorporated as a sino-foreign equity joint venture enterprise with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.

- (4) According to the PRC legal opinion:
- (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was duly incorporated with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
 - (ii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has legally obtained the land use rights of the property with a total site area of 3,277.09 sq.m.. The land use term is due to expire on 24th July, 2048 for industrial use.
 - (iii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has settled in full the purchase price payable under the Land Use Rights Transfer Contract and is entitled to transfer, lease, mortgage or dispose of the land use rights of the property.
- (5) Based on the PRC legal opinion and the information provided by the enlarged group, we have prepared our valuation on the following basis:
- (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property interest in its existing state and condition for residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all land premium and costs of urban utilities have been settled in full;
 - (iii) the design and construction of the property as set out in this valuation certificate is in compliance with the local planning regulations; and
 - (vi) the property interest can be disposed of freely to third parties.
- (6) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use of State-owned Land	Yes
Land Use Rights Transfer Contract	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
19. An industrial site at Feng Huang Shan Qintang Village Eastern Plot of Litang Town Binyang County Guangxi ZAR	The property comprises a plot of land having a total site area of approximately 69.885 hectares (698,849.75 sq.m.). The land use rights of the property comprising a site area of approximately 69.885 hectares (698,849.75 sq.m.) has been granted for a term of 50 years to be expired on 15th April 2053 as industrial use.	The property is currently a vacant land for industrial use.	HK\$17,800,000 (70% interest attributable to the enlarged group: HK\$12,460,000)

Notes:

- (1) According to 6 Certificates for the Use of State-owned Land all issued by the Binyang County Land Resources Administration Bureau (賓陽縣國土資源局), the land use rights of the property comprising a total site area of 698,849.75 sq.m. has been granted to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) with details as follows:

Certificate	Land Use	Expiry Date of land use term	Site Area (sq.m.)
(2003)534	Industrial	2053/4/15	610.73
(2003)535	Industrial	2053/4/15	712.01
(2003)536	Industrial	2053/4/15	2,026.66
(2003)537	Industrial	2053/4/15	683,551.71
(2003)538	Industrial	2053/4/15	11,409.74
(2003)539	Industrial	2053/4/15	538.90
		Total	<u>698,849.75</u>

- (2) According to Grant Contract for the use of State-owned Land No. (2003) 285, the property comprising a total site area of 698,849.75 sq.m. has been granted for a term of 50 years from the date of delivery of possession of the property to Guangxi China Resources Hongshuihe Cement Co. Ltd. (廣西華潤紅水河水泥有限公司) for a consideration of RMB11,251,300 with the payment schedule as follows:

- (i) A deposit of RMB3,000,000 within 10 days from the date of agreement (as part payment of the land premium).
- (ii) Payment of RMB8,349,400 before 15th April, 2003.
- (iii) Payment of RMB2,901,900 before 15th July, 2003.

In addition, the grantor agreed to handover the property to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) before 15th April, 2003.

- (3) As advised by the enlarged group, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has settled part of the consideration mentioned in note (2) in the amount of RMB7,806,699 to Guangxi ZAR Land Resources Administration Bureau (廣西藏族自治區國土資源局). The enlarged group has undertaken to procure completion of the land grant procedure within 6 months from the date of completion of the acquisition. Based on the undertaking by the enlarged group and the PRC legal opinion that the property will become freely transferable upon full settlement of the outstanding balance, as per the instruction by the enlarged group, we have assumed that the full amount of the said consideration have been settled and the land can be freely transferred to third parties.

- (4) According to Business Licence No. 003430 dated 2nd January, 2003, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was incorporated as a sino-foreign equity joint venture enterprise with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
- (5) According to the PRC legal opinion:
- (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was duly incorporated with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
- (ii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has legally obtained the land use rights of the property with a total site area of 698,849.75 sq.m. for a land use term of 50 years to be expired on 15th April, 2053 for industrial use.
- (iii) Subject to payment of the outstanding balance of the consideration mentioned above in the amount of RMB3,444,601 for the issuance of a land use rights certificate, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) is entitled to transfer, lease, mortgage or dispose of the land use rights of the property.
- (6) Based on the PRC legal opinion and the information provided by the enlarged group, we have prepared our valuation on the following basis:
- (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property interest in its existing state and condition for residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
- (ii) assuming the full amount of the consideration for the land grant, including all land premium, and costs of urban utilities have been settled in full;
- (iii) assuming the design and construction of the property as set out in this valuation certificate is in compliance with the local planning regulations; and
- (vii) the property interest can be disposed of freely to third parties.
- (7) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the use of State-owned Land	Yes
Grant Contract for the Use of State-owned Land	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
20. Unit 501 of Block 13 Haiwan Garden Shi Hau Xi Road Zhuhai City Guangdong province	The property comprises a residential unit on the 5th floor of a 16-storey residential building completed in the 1990s. The property has a gross floor area of approximately 100.50 sq.m. (1,082 sq.ft.).	The property is currently occupied as staff quarters	No commercial value

Notes:

- (1) According to the PRC legal opinion, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has yet to obtain the land use rights and building ownership of the property, we have therefore not assigned value to the property.
- (2) According to a debt compensation agreement (資產抵債協議書) dated 13th December, 1998, 珠海經濟特區震宇有限公司 has agreed to transfer the building ownership of the property to Guangxi Hongshuihe Cement Joint Stock Company Limited (廣西紅水河水泥股份有限公司) at a consideration of RMB504,000. The property interest was purportedly transferred to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司).
- (3) According to Business License No. 003430 dated 2nd January, 2003, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was incorporated as a sino foreign equity joint venture enterprise with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
- (4) According to the PRC legal opinion:
 - (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was duly incorporated with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
 - (ii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has yet to obtain the land use rights and building ownership of the property with a gross floor area of 100.50 sq.m..
 - (iii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) cannot freely transfer, lease, mortgage or dispose of the land use rights nor with the building ownership of the property.
- (5) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Real Estate Title Certificate	No
Debt Compensation Agreement	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st March, 2003
21. Unit 101 of Block 6 Julong Court Shijie Garden Western of Shennan Road Nanshan District Shenzhen City Guangdong province	<p>The property comprises a residential unit on level 1 of a 12-storey residential building completed in the 1993.</p> <p>The property has a gross floor area of approximately 194.83 sq.m. (2,097 sq.ft.).</p> <p>The land use rights of the property has been granted for a term of 70 years from 28th April, 1993 to 27th April, 2063 for residential use.</p>	The property is currently occupied as staff quarters	No commercial value

Notes:

- (1) According to the PRC legal opinion, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has yet to obtain the land use rights and building ownership of the property, we have therefore not assigned value to the property.
- (2) According to Sale and Purchase Agreement No. 97005433 dated 22nd December 1999, 深圳信託房地產開發有限公司 has agreed to transfer the building ownership of the property to Guangxi Hongshuihe Cement Joint Stock Company Limited (廣西紅水河水泥股份有限公司) at a consideration of RMB1,265,304. The property was purportedly transferred to Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司).
- (3) According to Business License No. 003430 dated 2nd January, 2003, Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was incorporated as a sino foreign equity joint venture enterprise with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
- (4) According to the PRC legal opinion:
 - (i) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) was duly incorporated with a registered capital of RMB200 million and has a valid operation period from 24th December, 2001 to 24th December, 2051.
 - (ii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) has yet to obtain the land use rights and building ownership of the property with a gross floor area of 194.83 sq.m..
 - (iii) Guangxi China Resources Hongshuihe Cement Co., Ltd. (廣西華潤紅水河水泥有限公司) cannot transfer, lease, mortgage or dispose of the land use rights nor with the building ownership of the property.
- (5) In accordance with the PRC legal opinion and the information provided by the enlarged group, the status of title and grant of major approvals and licenses are as follows:

Real Estate Title Certificate	No
Sale and Purchase Agreement	Yes

Group V — Property interests rented by the enlarged group in the PRC

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
22. A plot of land at San Shan Harbour Development District Nanhai City Guangdong province	<p>The property comprises a plot of land with a total site area of 2,000 sq.m. (21,528 sq.ft.) as temporary use for cement transportation.</p> <p>The property is currently rented by the enlarged group for a term of 10 years from 1st June, 2001 to 31st May, 2011 at a monthly rental of RMB5,000 subject to upward adjustment at 20% for every 3 years.</p>	No commercial value
23. Units 302, 501 and 502 of a composite building Legou Zuoye District Qinzhou Harbour Qinzhou City Guangxi ZAR	<p>The property comprises 3 residential units on the 3rd and 5th floors of a 7-storey composite building completed in 2001.</p> <p>The property has a total gross floor area of approximately 260 sq.m. (2,799 sq.ft.). The property is currently occupied by the enlarged group as staff quarters uses.</p> <p>The property is currently rented by the enlarged group for a term of 1 year from 8th May, 2003 to 7th May, 2004 at a monthly rental of RMB1,990, exclusive of utilities charges, maintenance fee and other outgoings.</p>	No commercial value
24. A plot of land at western plot of New Water Gate at Fu Lu Sha Management District Shatian Town Dongguan City Guangdong province	<p>The property comprises a plot of land with a total site area of approximately 5,000 sq.m. (53,820 sq.ft.) and a berth length of 46 m as temporary deep water berth.</p> <p>The property is currently rented by the enlarged group for a term of 3 years from 9th January, 2002 to 8th January, 2005 at an annual rental of RMB90,000.</p>	No commercial value
25. A batching plant at Xiaohe Industrial Park Xiaohe Village Daojiao Town Dongguan City Guangdong province	<p>The property comprises 7 buildings/structures erected on a plot of land completed in 2003.</p> <p>The property has a total gross floor area of approximately 3,257.90 sq.m. (35,068 sq.ft.). The property comprises a site area of approximately 12,889 sq.m. (138,737 sq.ft.). The property is occupied by the enlarged group as office, concrete batching and other ancillary uses.</p> <p>The property is currently rented by the enlarged group for a term of 9 years from 1st June, 2001 to 30th May, 2010 at a monthly rental of RMB19,333.50 subject to upward adjustment at the rate of 10% for every 3 years, exclusive of utilities charges, management fee and other outgoings.</p>	No commercial value

Property	Description and tenancy particulars	Capital value in existing state as at 31st March, 2003
26. A batching plant at southwestern plot of Meilin Inspection Station Futian District Shenzhen City Guangdong province	<p>The property comprises 5 buildings and structures erected on a plot of land with a total site area of approximately 8,162 sq.m. (87,856 sq.ft.) and completed in the 1990's for concrete batching purpose.</p> <p>The property has a total gross floor area of approximately 1,871.43 sq.m.</p> <p>The property is currently rented by the enlarged group for a term of 5 years from 11th April, 2003 to 10th April, 2008 at a monthly rental of HK\$57,134 subject to upward adjustment of 10% per annum at the beginning of the 3rd year from the commencement date of the lease.</p>	No commercial value
27. A cement plant at Suiqi County Zhanjiang City Guangdong province	<p>The property comprises 19 buildings, erected on a plot of land with a total site area of 6,318.75 sq.m. (68,015 sq.ft.) and a total gross floor area of 16,384.13 sq.m. (176,359 sq.ft.) and completed in the 1995 as cement production and ancillary uses.</p> <p>The property is currently rented by the enlarged group for a term of 5 years from 18th April, 2003 to 17th April, 2008 at an annual rental of RMB400,000.</p>	No commercial value
28. A cement interchange station at Qinzhou Front Station (K28+40-K28+100) Qinzhou City Guangxi ZAR	<p>The property comprises a plot of land with a total site area of 2,400 sq.m. (25,834 sq.ft.) as cement interchange station.</p> <p>The property is currently rented by the enlarged group for a term of 1 year from 1st January, 2003 to 31st December, 2003 at a rental of RMB2 per tonne of cement transported.</p>	No commercial value
29. A cement transport/storage station at Xiashan District Zhanjiang City Guangdong province	<p>The property comprises a plot of land with a total site area of 738 sq.m. (7,944 sq.ft.) as cement interchange station.</p> <p>The property is currently rented by the enlarged group for a term of 20 years commencing on 2nd June, 2000 at a monthly rental of RMB1,476.</p>	No commercial value