

The following is the text of a letter, summary of valuations and valuation certificate prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with their valuations as at 31 August 2005 of the property interests of the Group.



Formerly C Y Leung & Company
原梁振英測量師行

22 November 2005

The Directors
New Heritage Holdings Ltd.
Room 2301, 23/F.,
Fortis Bank Tower
77-79 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with the instructions of New Heritage Holdings Ltd. (the “Company”) for us to value the property interests held by the Company, its subsidiaries and associated company (together referred to as the “Group”) in the People’s Republic of China (“the PRC”) and in the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of these property interests as at 31 August 2005 (the “date of valuation”).

DEFINITION OF MARKET VALUE

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

VALUATION BASES & ASSUMPTIONS

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

In undertaking our valuation of the property interests which are situated in the PRC, we have, unless otherwise stated, valued them on the bases that transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the

advice given by the Group and its legal adviser, Grandall Legal Group (Shanghai), on the PRC law, regarding the title to each of the property interests and the interests of the Group in the properties. In valuing the property interests, we have assumed that the grantees or the users of the respective property interests have free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term as granted.

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

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

METHOD OF VALUATION

In valuing the property interests in Group I and Group II which are held by the Group for investment and sale respectively, we have valued each of them by Direct Comparison Method by making reference to comparable sales evidences as available in the relevant market and where appropriate, by capitalizing the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties.

In valuing the property interests in Group III which are held under development by the Group in the PRC, we have valued each of these property interests on the basis that these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the construction costs that will be expended to complete the development to reflect the quality of the completed development. The "Capital value when completed" represents our opinion of the aggregate selling prices of the development assuming that it would have completed at the date of valuation.

Property in Group IV which is to be acquired by the Group in the PRC has no commercial value because the Certificate for the Use Rights of State-owned Land has not been obtained yet as at the date of valuation.

Properties in Groups V and VI which are rented by the Group in the PRC and in Hong Kong respectively, have no commercial value due mainly to the prohibition against assignment and subletting or otherwise to the lack of substantial profit rents.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approval or statutory notices, easements, tenure, particulars of occupancy, construction cost, site and floor areas and all other relevant matters.

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

TITLE INVESTIGATION

We have been provided by the Group with copies of documents in relation to the titles to the respective property interests. However, we have not been able to carry out searches to verify the ownership of the property interests or to ascertain any amendment which may not appear on the copies supplied to us.

SITE INSPECTION

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 that the properties are free of rot, infestation or other structural defects. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future developments. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all money amounts stated herein are in Renminbi, the official currency of the PRC.

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

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

Note : Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 17 years experience in valuation of properties in Hong Kong and in the PRC.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31 August 2005 <i>RMB</i>	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 31 August 2005 <i>RMB</i>
Group I – Property interests held for investment by the Group in the PRC			
1. The whole of shopping arcade, Flats 1A and 1B on Level 1 of Jin Xiu Tower and Flat 1B on Level 1 of Jin Hua Tower, Suzhou Garden Villa Phase 1, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC (see Note I)	62,535,000	95	59,408,250
2. Flat 1A on Level 1 of Jin Xing Tower and Flat 1A on Level 1 of Jin Guo Tower, Suzhou Garden Villa Phase 2, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC (see Note I)	1,970,000	95	1,871,500
3. Flats 1B, 1D, 1E and 1F on Level 1 and Flats 2A and 2B on Level 2 of Jin An Tower, Flats 1B, 1D, 1E and 1F on Level 1, Flats 2A and 2B on Level 2 and Flat 4A on Level 4 of Jin Bon Tower, Suzhou Garden Villa Phase 3, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC (see Note I)	15,970,000	95	15,171,500

Property	Capital value in existing state as at 31 August 2005 <i>RMB</i>	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 31 August 2005 <i>RMB</i>
4. Shops on Levels 1, 2 and 3 Block 11, Suzhou Garden Court, 1333 Bin He Road, New District, Suzhou, Jiangsu Province, New District, the PRC (see Note II)	31,000,000	95	29,450,000
5. Beijing Landmark Towers, 8 East 3rd Ring North Road, Chaoyang District, Beijing, the PRC			No Commercial Value
		Sub-total:	<u>105,901,250</u>

Group II – Property interests held for sale by the Group in the PRC

6. Villa J101 and Flat 1A on Level 1 of Jin Hua Tower, Suzhou Garden Villa Phase 1, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC (see Note I)	4,045,000	95	3,842,750
7. Flat 16C on Level 16, Jin Guo Tower Suzhou Garden Villa Phase 2, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC (see Note I)	1,330,000	95	1,263,500

Property	Capital value in existing state as at 31 August 2005 <i>RMB</i>	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 31 August 2005 <i>RMB</i>
8. 12 residential flats and Villa Nos. J501, J504, J505, J601 and J602 in Suzhou Garden Court, 1333 Bin He Road, New District, Suzhou, Jiangsu Province, the PRC (see Note I and Note III)	53,093,000	95	50,438,350
Sub-total:			55,544,600

Group III – Property interests held under development by the Group in the PRC

9. A residential site portion of No. Y030-1 (to be known as Suzhou Garden Towers), 100 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	90,000,000	95	85,500,000
10. A residential site No. II-37 (to be known as Suzhou Garden Place), 28 Jin Shan Road, New District, Suzhou, Jiangsu Province, the PRC	20,000,000	95	19,000,000
Sub-total:			104,500,000

Property	Capital value in existing state as at 31 August 2005 <i>RMB</i>	Interests attributable to the Group %	Capital value in existing state attributable to the Group as at 31 August 2005 <i>RMB</i>
Group IV – Property interest to be acquired by the Group in the PRC			
11. A residential/commercial land situated at south side of Nanxijiang Road and east side of Mingxi Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC			No Commercial Value
Group V – Property interests rented by the Group in the PRC			
12. Unit 8B, Jin Shing Apartment, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC			No Commercial Value
13. Unit 8D, Jin Shing Apartment, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC			No Commercial Value
14. Unit 1806, Block B, U-Space, 8 Guangqumen Outer Main Street, Chaoyang District, Beijing, the PRC			No Commercial Value
		Sub-total:	No Commercial Value

Property	Capital value in existing state as at 31 August 2005 RMB	Interests attributable to the Group %	Capital value in existing state attributable to the Group as at 31 August 2005 RMB
Group VI – Property interests rented by the Group in Hong Kong			
15. Room 2301, 23rd Floor, Fortis Bank Tower, Nos. 77 to 79 Gloucester Road and Nos. 117-119 Jaffe Road Hong Kong			No Commercial Value
16. Car Parking Spaces Nos. 28 and 51, 2nd Floor, Fortis Bank Tower, Nos. 77 to 79 Gloucester Road and Nos. 117-119 Jaffe Road Hong Kong			No Commercial Value
		Sub-total:	No Commercial Value
		Grand total:	265,945,850

Note I:

The market value of Phases 1 to 3 of Suzhou Garden Villa as at 30 June 2005, comprising a total residential gross floor area of approximately 3,242 sq.m. (34,897 sq.ft.) and a total commercial gross floor area of approximately 9,500 sq.m. (102,258 sq.ft.) was valued at RMB85,850,000, whereas the market value of Suzhou Garden Court as at 30 June 2005, comprising a total residential gross floor of approximately 6,459 sq.m. (69,525 sq.ft.) and a total commercial gross floor area of approximately 4,440 sq.m. (47,792 sq.ft.) was valued at RMB98,217,000.

Note II:

As at 1 January 2005, the market rental value of Level 3 of Block 11, Suzhou Garden Court comprised a total commercial gross floor area of approximately 1,701 sq.m. (18,310 sq.ft.) was valued at RMB60,000 per month, exclusive of management fees and all outgoings.

Note III:

As at 31 May 2005, the market values of Villa Nos. J505, J601 and J602 of Suzhou Garden Court, comprised respective gross floor areas of approximately 385.38 sq.m. (4,148 sq.ft.), 550.57 sq.m. (5,926 sq.ft.) and 606.93 sq.m. (6,533 sq.ft.) plus out-building area of about 248.33 sq.m. (2,673 sq.ft.), were valued at RMB6,090,000, RMB8,300,000 and RMB9,520,000 respectively.

VALUATION CERTIFICATE

Group I – Property interests held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
1. The whole of shopping arcade, Flats 1A and 1B on Level 1 of Jin Xiu Tower and Flat 1B on Level 1 of Jin Hua Tower, Suzhou Garden Villa Phase 1, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises the whole of a 2-storey shopping arcade and three residential flats in two 16-storey apartment blocks erected over a basement in Phase 1 of a large-scale commercial/residential development completed in 1995.</p> <p>The property comprises shopping arcade area of approximately 9,500 sq.m. (102,258 sq.ft.) and residential area of approximately 330 sq.m. (3,552 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years from 19 October, 1992 to 18 October, 2062 for residential use.</p>	<p>The Group has planned to renovate the shopping arcade in the near future, therefore the shops with their tenancies expired were not renewed or leased before the renovation. Part of the shopping arcade was leased to various tenants with the latest tenancy due to expire in September 2007 at a total monthly rent of approximately RMB40,250 in August 2005, exclusive of management fee. Flat 1A of Jin Xiu Tower is let on monthly basis at a rent of RMB13,200 per month. The remainder of the property is currently vacant.</p>	<p>RMB62,535,000</p> <p>(95% interest attributable to the Group: RMB59,408,250)</p>

Notes:–

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) (Party B) on 27 June 1991, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:–
 - (i) The land comprising the property has a total site area of approximately 200 mu..
 - (ii) The land use term of the property is 70 years.
 - (iii) Party B shall pay to Party A a transfer fee of US\$75 per sq.m. of the land transferred.
- (2) According to an agreement dated 8 June, 1998 entered into between Party A and Party B mentioned above, a land area of 21,667.448 sq.m. (32.501 mu.) shall be reverted to Party A at a price of US\$75 per sq.m..
- (3) According to Certificate for Housing Ownership (房屋所有權證) No. 00000245 issued by Suzhou Real Estate Administrative Bureau (蘇州市房產管理局) on 24 March 1999, the title to the shopping arcade of Suzhou Garden Villa Phase I, comprising a gross floor area of approximately 9,500 sq.m. is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.

According to Certificate for Housing Ownership (房屋所有權證) No. 0079888 issued by Suzhou Land Use Planning Bureau (蘇州市蘇州新區國土規劃局) on 2 November 1995, the title to Flats 1A and 1B of Jin Xiu Tower and Flat 1B of Jin Hua Tower, comprising a total gross floor area of 330 sq.m., is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.

- (4) According to a Certificate for the Use Rights of State-owned Land No. (1992)001 (國有土地使用證) (蘇新國用(1992)字第001號) issued by Suzhou Land Use Planning And Administrative Bureau (蘇州市河西新區土地規劃管理局) on 5 November, 1992, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) with a site area of 40,000 sq.m. for a period of 70 years from 19 October 1992 up to 18 October 2062.
- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 38 Shi Shan Road to 98 Shi Shan Road.
- (6) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (7) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
 - (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 40,000 sq.m., for a term of 70 years from 19 October, 1992 to 18 October, 2062 for "Residential, high class villas and ancillary facilities" uses.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) Block A and Block B of the shopping arcade is currently subject to a mortgage in favour of Bank of China Suzhou New District Branch to an extent of RMB50,000,000.
 - (v) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
 - (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—

Certificate for Housing Ownership	Yes
Certificate for the Use of State-owned Land	Yes
Contract for Transfer of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
2. Flat 1A on Level 1 of Jin Xing Tower and Flat 1A on Level 1 of Jin Guo Tower, Suzhou Garden Villa Phase 2, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises two residential flats in an 18-storey apartment block erected over a basement in Phase 2 of a large-scale commercial/residential development completed in 1996.</p> <p>The property comprises total gross floor area of approximately 256 sq.m. (2,756 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years from 19 October, 1992 to 18 October, 2062 for residential use.</p>	<p>The property is currently let to two tenants on monthly basis at a total rent of approximately RMB34,833 per month.</p>	<p>RMB1,970,000</p> <p>(95% interest attributable to the Group: RMB1,871,500)</p>

Notes:—

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) (Party B) on 27 June 1991, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—

- (i) The land comprising the property has a total site area of approximately 200 mu..
- (ii) The land use term of the property is 70 years.
- (iii) Party B shall pay to Party A a transfer fee of US\$75 per sq.m. of the land transferred.

- (2) According to an agreement dated 8 June, 1998 entered into between Party A and Party B mentioned above, a land area of 21,667.448 sq.m. (32.501 mu.) shall be reverted to Party A at a price of US\$75 per sq.m..

- (3) According to two Certificates for Housing Ownership (房屋所有權證) Nos. 00032828 and 00032829 issued by Suzhou Real Estate Administrative Bureau (蘇州市房產管理局) on 25 March 2005, the title to the building of the property, comprising a gross floor area of approximately 256 sq.m., is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.

- (4) According to a Certificate for the Use Rights of State-owned Land No. (1995) 258 (國有土地使用證) (蘇新國用(1995)字第258號) issued by Suzhou Land Use Planning Bureau (蘇州市蘇州新區國土規劃局) on 1 December, 1995, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 4,228.188 sq.m. for a period of 70 years from 19 October 1992 to 18 October 2062.

According to another Certificate for the Use Rights of State-owned Land No. (1996) 295 (國有土地使用證) (蘇新國用(1996)字第295號) issued by Suzhou Land Use Planning Bureau (蘇州市蘇州新區國土規劃局) on 8 April 1996, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) with a site area of 12,926.495 sq.m. for a period of 70 years from 19 October 1992 to 18 October 2062.

- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 38 Shi Shan Road to 98 Shi Shan Road.

- (6) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (7) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining two Certificates for the Use of State-owned Land dated 1 December, 1995 and 8 April, 1996 respectively, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 17,154.683 sq.m., for a term of 70 years from 19 October, 1992 to 18 October, 2062 for “Garden villa” and “High-rise residential buildings and ancillary facilities” uses respectively.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) The property is not subject to any mortgage and any other encumbrances.
 - (v) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—

Certificate for Housing Ownership	Yes
Certificate for the Use of State-owned Land	Yes
Contract for Transfer of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
3. Flats 1B, 1D, 1E and 1F on Level 1 and Flats 2A and 2B on Level 2 of Jin An Tower, Flats 1B, 1D, 1E and 1F on Level 1, Flats 2A and 2B on Level 2 and Flat 4A on Level 4 of Jin Bon Tower, Suzhou Garden Villa Phase 3, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises 13 residential flats in two 18-storey apartment blocks respectively erected over a basement in Phase 3 of a large-scale commercial/residential development completed in 1998.</p> <p>The property comprises total gross floor area of approximately 2,120.27 sq.m. (22,823 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 18 October 2061 for residential use.</p>	The property is currently vacant.	<p>RMB15,970,000</p> <p>(95% interest attributable to the Group: RMB15,171,500)</p>

Notes:—

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) (Party B) on 27 June 1991, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—
 - (i) The land comprising the property has a total site area of approximately 200 mu..
 - (ii) The land use term of the property is 70 years.
 - (iii) Party B shall pay to Party A a transfer fee of US\$75 per sq.m. of the land transferred.
- (2) According to an agreement dated 8 June, 1998 entered into between Party A and Party B mentioned above, a land area of 21,667.448 sq.m. (32.501 mu.) shall be reverted to Party A at a price of US\$75 per sq.m..
- (3) According to five Certificates for Housing Ownership (房屋所有權證) Nos. 00032830 and 00032831 dated 25 March 2005 and Nos. 00032713, 00032714 and 00032715 dated 23 March 2005 issued by Suzhou Real Estate Administrative Bureau (蘇州市房產管理局), the title to the building of the property, comprising a total gross floor area of 2,120.27 sq.m., is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.
- (4) According to a Certificate for the Use Rights of State-owned Land No. (1998) 1058 (國有土地使用證) (蘇新國用(1998)字第1058號) issued by Suzhou Land Use and Real Estate Bureau (蘇州市蘇州新區國土房產局) on 7 July 1998, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) with a site area of 9,390.31 sq.m. for a period due to expire on 18 October 2061.

- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 38 Shi Shan Road to 98 Shi Shan Road.
- (6) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (7) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 9,390.31 sq.m., for a term due to expire on 18 October, 2061 for "Residential" use.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) The property is not subject to any mortgage and any other encumbrances.
 - (v) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—

Certificate for Housing Ownership	Yes
Certificate for the Use of State-owned Land	Yes
Contract for Transfer of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
4. Shops on Levels 1, 2 and 3, Block 11, Suzhou Garden Court, 1333 Bin He Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises a shopping mall on Levels 1, 2 and 3 of an 11-storey composite building in a large-scale commercial/residential development completed in 2004.</p> <p>The property comprises a total gross floor area of approximately 4,440.12 sq.m. (47,793 sq.ft.) plus basement of approximately 438.22 sq.m (4,717 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 15 January 2065 for residential use.</p>	<p>Level 3 of the property is let to a tenant for a term of 4 years from 1st January 2005 and may be renewed for an additional term of 4 years by mutual consent. The monthly rental for the first term of 4 years is RMB60,000 or 30% of the monthly gross revenues (before taxes), whichever is higher. Thereafter, the monthly rental will be at RMB40,000 or 20% of the monthly gross revenues (before taxes), whichever is higher. The remainder of the property is vacant.</p>	<p>RMB31,000,000</p> <p>(95% interest attributable to the Group: RMB29,450,000)</p>

Notes:—

- (1) According to Contract for Transfer of Land Use Rights (土地使用權有償轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州新區經濟發展集團總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) (Party B) on 23 May 2002, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—
 - (i) The land comprising the property is has a site area of about 43,766.8855 sq.m..
 - (ii) The land use term of the property is 70 years from 16 January, 1995 to 15 January, 2065.
 - (iii) Party B shall pay to Party A a transfer fee in the sum of US\$2,407,178.70.
- (2) According to the contract dated 23 May 2002 entered into between Party A and Party B, the term for the land use right is re-designated as 70 years from 16 January 1995 to 15 January 2065, the land transfer fee is re-designated as US\$55 per sq.m. and the area of the land under transfer is 43,766.8855 sq.m.
- (3) According to 16 Building Ownership First Registration Certificates (房屋所有權初始登記證明) Nos. 0008995-0008999, 0009009 and 0009011-0009020 all issued by Suzhou Land Use and Real Estate Bureau (蘇州高新區國土房產局) on 8 March 2005, the owner of the property, comprising a total gross floor area of 4,878.34 sq.m., is Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.
- (4) According to a Certificate for the Use Rights of State-owned Land No. (2002)5499 (國有土地使用證) (蘇新國用(2002)字第5499號) issued by Suzhou Land Use and Real Estate Bureau (蘇州市蘇州新區國土房產局) on 25 October 2002, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 43,766.88 sq.m. for a term due to expire on 15 January 2065.
- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 129 Bin He Road to 1333 Bin He Road.

- (6) According to Business Licence No. 006133, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 up to 18 September, 2061.
- (7) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 43,766.88 sq.m., for a term due to expire on 15 January, 2065 for “Residential” use.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) The property is not subject to any mortgage and any other encumbrances.
 - (v) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—
- | | |
|--|-----|
| Building Ownership First Registration Certificate | Yes |
| Certificate for the Use of State-owned Land | Yes |
| Contract for Transfer of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Land | Yes |
| Planning Permit for Construction Works | Yes |
| Business Licence | Yes |

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005										
5. Beijing Landmark Towers, 8 East 3rd Ring North Road, Chaoyang District, Beijing, the PRC	<p>Beijing Landmark Towers comprises a 23-storey office tower erected over a basement, a 28-storey office tower erected over a 3-level basement and a 12-storey 4 -star hotel together with a 12-storey service apartment block erected over a 3-storey commercial podium plus 2-level and 4-level basements respectively. The total site area of the property is approximately 33,799.1 sq.m. (363,814 sq.ft.). The property was completed mainly in 1990, with the exception of the subsequent extension portion of the office tower which was completed in 1998.</p> <p>The property comprises the following approximate gross floor area:</p> <table><tr><td>Hotel (461 guest rooms)</td><td>15,504 sq.m. (or 166,885 sq.ft.)</td></tr><tr><td>Office</td><td>50,768 sq.m. (or 546,467 sq.ft.)</td></tr><tr><td>Shop</td><td>22,663 sq.m. (or 243,945 sq.ft.)</td></tr><tr><td>Service Apartment (248 units)</td><td>15,504 sq.m. (or 166,885 sq.ft.)</td></tr><tr><td>Basements</td><td>25,705 sq.m. (or 276,689 sq.ft.)</td></tr></table> <p>The land use rights of the property have been vested to Beijing Landmark Towers Co., Ltd. by allocation for a term from 30 January, 1986 to 7 October, 2020 for hotel/office uses.</p>	Hotel (461 guest rooms)	15,504 sq.m. (or 166,885 sq.ft.)	Office	50,768 sq.m. (or 546,467 sq.ft.)	Shop	22,663 sq.m. (or 243,945 sq.ft.)	Service Apartment (248 units)	15,504 sq.m. (or 166,885 sq.ft.)	Basements	25,705 sq.m. (or 276,689 sq.ft.)	<p>The office towers, service apartment block and shops are let to various tenants at a total rent of approximately RMB10,409,800 per month in March 2005.</p> <p>The hotel is under operation with a gross income of approximately RMB7,403,000 per month in March 2005.</p>	No Commercial Value
Hotel (461 guest rooms)	15,504 sq.m. (or 166,885 sq.ft.)												
Office	50,768 sq.m. (or 546,467 sq.ft.)												
Shop	22,663 sq.m. (or 243,945 sq.ft.)												
Service Apartment (248 units)	15,504 sq.m. (or 166,885 sq.ft.)												
Basements	25,705 sq.m. (or 276,689 sq.ft.)												

Notes:—

- (1) According to Contract for Allocation of State-owned Land Use Rights (北京市外商投資企業用地合同 (劃撥土地使用權)) No. (95) 015 (京房地外〔合〕字(95)年第015號) entered into between Beijing Real Estate Management Bureau (北京市房地產管理局) (Party A) and Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) (Party B) on 21 November, 1995 the land use rights of the property has been vested to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—
 - (i) The land comprising the property has a site area of 33,000 sq.m..
 - (ii) The land use term of the property is 35 years from 30 January, 1986 to 7 October, 2020.
 - (iii) The land is for “hotel/office” uses.
 - (iv) The Party B shall pay to Party A a land use fee in the sum of RMB3,960,000 per annum.
 - (2) According to a Certificate for the Use Rights of State-owned Land No. (97) 00349 (國有土地使用證) (市朝中外國用(97)字第00349號) issued by Beijing Building And Land Administrative Bureau (北京市房屋土地管理局) on 18 July, 1997, the land use rights of the property were vested to Party B with a site area of 33,799.1 sq.m.
 - (3) According to a Certificate for Housing Ownership (房屋所有權證) No. 00187 issued by Beijing Land and Buildings Administrative Bureau (北京市房屋土地管理局) on 10 June 1997, the title to the buildings of the property, comprising a gross floor area of 104,510.7 sq.m., is vested in Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司).
 - (4) According to Business Licence No. 000096, Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) has been registered as a equity joint-venture company with a registered capital of US\$28,000,000 and an operation period from 31 January 1986 to 6 October 2020.
- The period of operation may be further extended if it is resolved at the Board meetings and approved by the Ministry of Foreign Economic Relations and Trade or its authorized body.
- (5) The land portion of the property is administrative allocated land in nature. As the property at present cannot be freely transferred in the open market, in valuing the land and buildings of property, we have attributed no commercial value to it. The depreciated replacement Cost of the property, as at 31 August, 2005, was approximately RMB747,000,000.
 - (6) Based on the assumption that application was made to change the nature of land of the property from “administrative allocated land” to “granted land” and the land grant fee of the land amounted approximately RMB221,000,000 as indicated by Beijing Building And Land Administration Bureau on 5 July, 2001 was fully settled and the property can be freely transferred in the open market, we are of the opinion that the capital value of the property, as at 31 August 2005, was RMB2,000,000,000.
 - (7) The opinion of the Group’s legal adviser on PRC law states, inter alia, that:—
 - (i) According to a Joint Venture Contract dated 6 December 1985 and the supplementary agreements, Beijing Tourism Group Co., Ltd. (北京首都旅遊集團有限責任公司) (“Party A”), New Heritage Investments Ltd. (香港新繼企業有限公司) (“Party B”) and Singapore Real Estate Management (Private) Company Limited (新加坡置業管理有限公司) (“Party C”) have agreed to incorporate a joint venture company. The salient terms and conditions stipulated in the said contract as amended by various supplemental agreements are cited, inter alia, as follows:—

Name of the company	: Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司)
Period of operation	: from the 31 January, 1986 to 6 October, 2020
Total investment amount	: US\$112,000,000
Registered capital	: US\$28,000,000

- | | | |
|----------------------|---|--|
| Capital contribution | : | Party A : US\$14,000,000
Party B : US\$8,414,000
Party C : US\$5,586,000 |
| Profit/Loss sharing | : | Party A : 50%
Party B : 30.05%
Party C : 19.95% |
- (ii) Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$28,000,000 and an operation period from 31 January, 1986 to 6 October, 2020.
- (iii) By virtue of obtaining a Certificate for the Use of State-owned Land, the land use rights of the property, comprising a site area of 33,799.1 sq.m., were vested to Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) by allocation for a term from 30 January, 1986 to 7 October, 2020 for “Hotel and office” uses. Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) is entitled to use the land within the above land use term.
- (iv) Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) is not allowed to transfer the land use rights of the property together with the buildings erected thereon unless with the approval of the PRC government and the settlement of the land premium, but is entitled to use, lease and mortgage the buildings erected on the land.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and has free and uninterrupted rights to use and lease the buildings for the whole of the unexpired terms of their respective land use rights certificates; and
- (ii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—
- | | |
|--|-----|
| Certificate for Housing Ownership | Yes |
| Certificate for the Use of State-owned Land | Yes |
| Contract for Allocation of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Land | Yes |
| Planning Permit for Construction Works | Yes |
| Business Licence | Yes |

Group II – Property interests held for sale by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
6. Villa J101 and Flat 1A on Level 1 of Jin Hua Tower, Suzhou Garden Villa Phase 1, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises an unsold classical courtyard house and an apartment unit in Phase 1 of a large-scale commercial/residential development completed in 1995.</p> <p>The property comprises a total gross floor area of approximately 380 sq.m. (4,090 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years from 19 October, 1992 to 18 October, 2062 for residential use.</p>	The property is currently vacant.	<p>RMB4,045,000</p> <p>(95% interest attributable to the Group: RMB3,842,750)</p>

Notes:–

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) (Party B) on 27 June 1991, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:–
 - (i) The land comprising the property has a total site area of approximately 200 mu..
 - (ii) The land use term of the property is 70 years.
 - (iii) Party B shall pay to Party A a transfer fee of US\$75 per sq.m. of the land transferred.
- (2) According to an Agreement dated 8 June, 1998 entered into between Party A and Party B mentioned above, a land area of 21,667.448 sq.m. (32.501 mu.) shall be reverted to Party A at a price of US\$75 per sq.m..
- (3) According to Certificate for Housing Ownership (房屋所有權證) No. 00032711 issued by Suzhou Real Estate Administrative Bureau (蘇州市房產管理局) on 23 March 2005, the title to the building of the property, comprising a gross floor area of approximately 270 sq.m., is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.

According to Certificate for Housing Ownership (房屋所有權證) No. 0079888 issued by Suzhou Land Use Planning Bureau (蘇州市蘇州新區國土規劃局) on 2 November 1995, the title to Flat 1A of Jin Hua Tower, comprising a gross floor area of 110 sq.m., is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.
- (4) According to a Certificate for the Use Rights of State-owned Land No. (1992) 001 (國有土地使用證) (蘇新國用(1992)字第001號) issued by Suzhou Land Use Planning And Administrative Bureau (蘇州市河西新區土地規劃管理局) on 5 November, 1992, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) with a site area of 40,000 sq.m. for a period of 70 years from 19 October 1992 up to 18 October 2062.
- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 38 Shi Shan Road to 98 Shi Shan Road.

- (6) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (7) The opinion of the Group's legal adviser on PRC law states, inter alia, that:–
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 40,000 sq.m., for a term of 70 years from 19 October, 1992 to 18 October, 2062 for "Residential, high class villas and ancillary facilities" uses.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) The property is not subject to any mortgage and any other encumbrances.
 - (v) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:–
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:–

Certificate for Housing Ownership	Yes
Certificate for the Use of State-owned Land	Yes
Contract for Transfer of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
7. Flat 16C on Level 16, Jin Guo Tower, Suzhou Garden Villa Phase 2, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises an unsold apartment unit on Level 16 of an 18-storey apartment block erected over a basement in Phase 2 of a large-scale commercial/residential development completed in 1996.</p> <p>The property comprises a gross floor area of approximately 157 sq.m. (1,690 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years from 19 October, 1992 to 18 October, 2062 for residential use.</p>	The property is currently vacant.	<p>RMB1,330,000</p> <p>(95% interest attributable to the Group: RMB1,263,500)</p>

Notes:—

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) (Party B) on 27 June 1991, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—
 - (i) The land comprising the property has a total site area of approximately 200 mu..
 - (ii) The land use term of the property is 70 years.
 - (iii) Party B shall pay to Party A a transfer fee of US\$75 per sq.m. of the land transferred.
- (2) According to an Agreement dated 8 June, 1998 entered into between Party A and Party B mentioned above, a land area of 21,667.448 sq.m. (32.501 mu.) shall be reverted to Party A at a price of US\$75 per sq.m..
- (3) According to Certificate for Housing Ownership (房屋所有權證) No. 00032712 issued by Suzhou Real Estate Administrative Bureau (蘇州市房產管理局) on 23 March 2005, the title to the building of the property, comprising a gross floor area of approximately 157 sq.m., is vested in Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.
- (4) According to a Certificate for the Use Rights of State-owned Land No. (1995) 258 (國有土地使用證) (蘇新國用(1995)字第258號) issued by Suzhou Land Use Planning And Administrative Bureau (蘇州市蘇州新區國土規劃局) on 1 December 1995, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 4,228.188 sq.m. for a period of 70 years from 19 October 1992 to 18 October 2062.

According to another Certificate for the Use Rights of State-owned Land No. (1996) 295 (國有土地使用證) (蘇新國用(1996)字第295號) issued by Suzhou Land Use Planning And Administrative Bureau (蘇州市蘇州新區國土規劃局) on 8 April 1996, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd (蘇州錦華苑建設發展管理有限公司) with a site area of 12,926.495 sq.m. for a period of 70 years from 19 October 1992 up to 18 October 2062.

- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 38 Shi Shan Road to 98 Shi Shan Road.
- (6) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (7) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining two Certificates for the Use of State-owned Land dated 1 December, 1995 and 8 April, 1996 respectively, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 17,154.683 sq.m., for a term of 70 years from 19 October, 1992 to 18 October, 2062 for “Garden villa” and “High-rise residential buildings and ancillary facilities” uses respectively.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) The property is not subject to any mortgage and any other encumbrances.
 - (v) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (8) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties with prior approval of the relevant authorities.
- (9) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—

Certificate for Housing Ownership	Yes
Certificate for the Use of State-owned Land	Yes
Contract for Transfer of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
8. 12 residential flats and Villa Nos. J501, J504, J505, J601 and J602 in Suzhou Garden Court, 1333 Bin He Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises 12 unsold residential flats in various apartment blocks of 6 to 11 storeys and five classical courtyard houses in Suzhou Garden Court completed in 2004.</p> <p>The property comprises total gross floor area of approximately 2,035.23 sq.m. (21,907 sq.ft.) for the flat units and approximately 2,561.96 sq.m. (27,577 sq.ft.) for the houses.</p> <p>The land use rights of the property have been granted for a term due to expire on 15 January, 2065 for residential use.</p>	The property is currently vacant.	<p>RMB53,093,000</p> <p>(95% interest attributable to the Group: RMB50,438,350)</p>

Notes:—

- (1) According to Contract for Transfer of State-owned Land Use Rights (土地使用權有償轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州新區經濟發展集團總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) (Party B) on 23 May 2002, Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—
 - (i) The land comprising the property has a site area of about 43,766.8855 sq.m..
 - (ii) The land use term of the property is 70 years from 16 January, 1995 to 15 January, 2065.
 - (iii) Party B shall pay to Party A a transfer fee in the sum of US\$2,407,178.70.
- (2) According to the contract dated 23 May 2002 entered into between Party A and Party B, the term for the land use right is re-designated as 70 years from 16 January 1995 to 15 January 2065, the land transfer fee is re-designated as US\$55 per sq.m. and the area of the land under transfer is 43,766.8855 sq.m.
- (3) According to 17 Building Ownership First Registration Certificates (房屋所有權初始登記證明) Nos. 0004074, 0004076, 0004078, 0004080, 0004086, 0004304, 0008943, 0008949, 0008955, 0008962, 0008972, 0008989, 0021246, 0021248, 0021249, 0021251 and 0021252 all issued by Suzhou Land Use and Real Estate Bureau (蘇州高新區國土房產局) on 13 July 2004, 8 March 2005 and 14 April 2005 respectively, the owner of the property, comprising a total gross floor area of 4,597.19 sq.m., is Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司), a 95% non-wholly owned subsidiary of the Group.
- (4) According to a Certificate for the Use Rights of State-owned Land No. (2002) 5499 (國有土地使用證) (蘇新國用(2002)字第5499號) issued by Suzhou Land Use and Real Estate Bureau (蘇州市蘇州新區國土房產局) on 25 October 2002, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 43,766.88 sq.m. for a term due to expire on 15 January 2065.

- (5) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau Huqiu Sub-branch Binhe Police Station (蘇州市公安局虎丘分局濱河派出所), with effect from 1 April 2005, the address of the property was changed from 129 Binhe Road to 1333 Binhe Road.
- (6) According to 3 Sales and Purchase Agreements Nos. 200507150012, 200507150032 and 200507150033 all dated 20 July 2005, the Group has agreed to sell Villa Nos. J505, J601 and J602 at considerations of RMB6,090,000, RMB8,300,000 and RMB9,520,000 respectively. The completion dates of all the above three transactions will be before 31 December 2005.
- (7) According to Business Licence No. 006133, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (8) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 43,766.88 sq.m., for a term due to expire on 15 January, 2065 for "Residential" use.
 - Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - The property is not subject to any mortgage and any other encumbrances.
 - Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to use, transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (9) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - all land premium and costs of public utilities services have been settled in full;
 - the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - the property may be disposed of freely to third parties with prior approval of the relevant authorities.
- (10) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—
- | | |
|--|-----|
| Building Ownership First Registration Certificate | Yes |
| Certificate for the Use of State-owned Land | Yes |
| Contract for Transfer of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Land | Yes |
| Planning Permit for Construction Works | Yes |
| Business Licence | Yes |

Group III – Property held under development by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
9. A residential site portion of No. Y030-1 (to be known as Suzhou Garden Towers), 100 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises a site having an area of 7,584.83 sq.m. (81,643 sq.ft.).</p> <p>Upon completion, the property will comprise two 22-storey apartment blocks erected over a 2-storey commercial podium with shops and car parks with a total gross floor area of approximately 40,355 sq.m. (434,381 sq.ft.). The development is scheduled to be completed in 2006.</p> <p>The land use rights of the property have been granted for a term of 70 years from 19 October 1992 to 18 October 2062 for residential use.</p>	The property is currently under construction.	<p>RMB90,000,000</p> <p>(95% interest attributable to the Group: RMB85,500,000)</p>

Notes:–

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) (Party B) on 27 June 1991 Party A has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:–
 - (i) The land comprising the property has a total site area of approximately 200 mu..
 - (ii) The land use term of the property is 70 years.
 - (iii) Party B shall pay to Party A a land transfer of US\$75 per sq.m. of the land transferred.
- (2) According to an agreement dated 8 June, 1998 entered into between Party A and Party B mentioned above, a land area of 21,667.448 sq.m. (32.501 mu.) shall be reverted to Party A at a price of US\$75 per sq.m..
- (3) According to a Certificate for the Use Rights of State-owned Land No. (1992) 001 (國有土地使用證) (蘇新國用(1992)字第001號) issued by Suzhou Land Use Planning And Administrative Bureau (蘇州市河西新區土地規劃管理局) on 5 November, 1992, the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 40,000 sq.m. for a period of 70 years from 19 October 1992 up to 18 October 2062.
- (4) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau (蘇州市公安局), with effect from 1 April 2005, the address of the property was named as 100 Shi Shan Road.
- (5) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
- (6) As advised by the Group, as at the date of valuation, the total construction cost expended for the proposed development was about RMB33,200,000 and the total outstanding cost to complete the same is estimated to be approximately RMB80,500,000. We have taken into account such costs in our valuation.

- (7) The capital value when completed of the proposed development is approximately RMB292,000,000.
- (8) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 40,000 sq.m., for a term of 70 years from 19 October, 1992 to 18 October, 2062 for “Residential, high class villas and ancillary facilities” uses.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) Block A and Block B of the shopping Acrade is currently subject to a mortgage in favour of Bank of China Suzhou New District Branch to an extent of RMB50,000,000.
 - (v) Upon completion of the building and obtaining of the Certificate for Housing Ownership, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (9) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties with prior approval of the relevant authorities.
- (10) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—

Certificate for the Use of State-owned Land	Yes
Contract for Transfer of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
10. A residential site No. II-37 (to be known as Suzhou Garden Place), 28 Jin Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises a site having an area of 3,085.802 sq.m. (33,216 sq.ft.).</p> <p>Upon completion, the property will comprise an 11-storey apartment block with a total gross floor area of approximately 7,786.54 sq.m. (83,814 sq.ft.). The development is scheduled to be completed in December 2005.</p> <p>The land use rights of the property have been granted for a term due to expire on 22 February 2075 for residential use.</p>	The property is currently under construction.	<p>RMB20,000,000</p> <p>(95% interest attributable to the Group: RMB 19,000,000)</p>

Notes:—

- (1) According to Contract for Transfer of Land Use Rights (土地使用權轉讓合同) entered into between Suzhou New District Economic Development Main Company (蘇州市新區經濟發展總公司) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) (Party B) in May 1992 has agreed to transfer the land use rights of the property to Party B. The salient terms and conditions stipulated in the said contract are cited as follows:—
 - (i) The land comprising the property has a site area of about 3,000 sq.m..
 - (ii) The land use term of the property is 70 years from 28 February 1993 to 27 February 2063.
 - (iii) Party B shall pay to Party A a land transfer fee calculated at US\$50 per sq.m. on the land area to be confirmed by formal land survey.
- (2) According to a Supplemental Agreement of Land Use Rights entered into between Land Resources And Real Estate Bureau of Suzhou New District (蘇州高新區國土房產局) (Party A) and Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) (Party B) on 23 February 2005, the property is permitted for residential use with a development plot ratio of 2.38, for a land use term of 70 years from 23 February 2005. Party B shall pay to Party A an additional land premium of RMB4,901,438.
- (3) According to a Certificate for the Use Rights of State-owned Land (國有土地使用證) (蘇新國用(1996)字第302號) issued by Suzhou Land Use And Planning Bureau (蘇州市蘇州新區國土規劃局), the land use rights of the property were granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 3,085.802 sq.m. for a period of 70 years from 28 February 1993 to 27 February 2063 for “Staff quarters” use.

According to another Certificate for the Use Rights of State-owned Land (國有土地使用證) (蘇新國用(2005)第1487號) issued by the Suzhou Government on 25 March 2005 (which is to be replaced by another Certificate for the Use Rights of State-owned Land upon completion of the development), the land use rights of the property have been granted to Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) with a site area of 3,085.8 sq.m. for a period due to expire on 22 February 2075 for “residential” use.
- (4) According to a letter dated 28 January 2005 issued by Suzhou Public Security Bureau (蘇州市公安局), with effect from 1 April 2005, the address of the property was named as 28 Jin Shan Road.

- (5) According to a Permit for Commencement of Construction Works dated 13 May 2005 issued by the Construction Bureau of Suzhou High-tech Real Estate Development District (蘇州國家高新技術產業開發區建設局), the permitted construction floor area of the property is 7,786.54 sq.m.
- (6) According to the Permit for Pre-sale of Commodity Houses granted by the government on 23 August 2005, the total gross floor area of the property permitted for pre-sale is 7,529.77 sq.m.
- (7) According to Business Licence No. 006133, Party B has been registered as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September 1991 to 18 September 2061.
- (8) As advised by the Group, as at the date of valuation, the total construction cost expended for the proposed development was about RMB11,200,000 and the total outstanding cost to complete the same is estimated to be approximately RMB8,600,000. We have taken into account such costs in our valuation.
- (9) The capital value when completed of the proposed development is approximately RMB40,500,000.
- (10) The opinion of the Group's legal adviser on PRC law states, inter alia, that:—
- (i) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has been issued with a business licence and was legally established under the PRC law as a joint-venture company with a registered capital of US\$12,150,000 and an operation period from 19 September, 1991 to 18 September, 2061.
 - (ii) By virtue of obtaining a Certificate for the Use of State-owned Land, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has obtained the land use rights of the property, comprising a total site area of 3,085.8 sq.m., for a term due to expire on 22 February 2075 for "residential" use.
 - (iii) Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) has settled in full the transfer fees agreed in the land transfer contract.
 - (iv) The property is not subject to any mortgage and any other encumbrances.
 - (v) Upon completion of the building and obtaining of the Certificate for Housing Ownership, Suzhou Garden Villa Development & Management Co., Ltd. (蘇州錦華苑建設發展管理有限公司) is entitled to transfer, lease or mortgage the land use rights of the property together with the buildings erected thereon at no extra land premium.
- (11) We have based on the aforesaid legal opinion and prepared our valuation on the following assumptions:—
- (i) The Group is in possession of a proper legal title to the property and is entitled to transfer the property throughout the residual term of its land use rights at no extra land premium or other onerous charges payable to the government;
 - (ii) all land premium and costs of public utilities services have been settled in full;
 - (iii) the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be disposed of freely to third parties with prior approval of the relevant authorities.
- (12) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:—
- | | |
|--|-----|
| Certificate for the Use of State-owned Land | Yes |
| Contract for Transfer of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Land | Yes |
| Planning Permit for Construction Works | Yes |
| Permit for Commencement of Construction Works | Yes |
| Permit for Pre-sale of Commodity Houses | Yes |
| Business Licence | Yes |

Group IV – Property interest to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2005
11. A residential/commercial land situated at south side of Nanxijiang Road and east side of Mingxi Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises a piece of land with a site area of 41,579 sq.m. (447,556 sq.ft.).</p> <p>Upon the full settlement of the land premium and obtaining of the Certificate for the Use Rights of State-owned Land, the land use rights of the property will be granted for a term of 70 years for residential use and 40 years for commercial use respectively.</p>	The property is currently a vacant land.	No commercial value

Notes:—

- (1) According to a Confirmation Letter for Transaction of Public Listing entered into between Suzhou Land Resources Bureau (蘇州市國土資源局) (the “Grantor”) and New Heritage Development Limited (香港新繼發展有限公司) (the “Grantee”) on 26 September 2005, the Grantor has agreed to grant the land use rights of the property to the Grantee. The salient terms and conditions stipulated in the said confirmation letter are cited as follows:—

- (i) The property comprises a site area of 34,895.2 sq.m. for residential use and 6,683.8 sq.m. for commercial use.
- (ii) The permitted development plot ratio of the property is less than 1.3 for residential use and less than 2.5 for commercial use.
- (iii) The building coverage of the land permitted is less than 25% for residential use and less than 50% for commercial use.
- (iv) The green coverage ratio of the land is more than 37% for the residential use and more than 25% for the commercial use.
- (v) The land use term of the property is 70 years for residential use and 40 years for commercial use respectively.
- (vi) The Grantee shall pay to the Grantor a land grant fee in the sum of RMB75,362,960.

- (2) According to Contract for Grant of State-owned Land Use Rights No. (2005) 96 entered into between Suzhou Land Resources Bureau (蘇州市國土資源局) (the “Grantor”) and New Heritage Development Limited (香港新繼發展有限公司) (the “Grantee”) on 10 October 2005 the Grantor has agreed to grant the land use rights of the property to the Grantee. The salient terms and conditions stipulated in the said contract are cited as follows:—

Lot No.	: 2005-G-51
Site area	: 34,895.20 sq.m. (residential use) 6,683.80 sq.m. (commercial use)
Date of land transfer	: Before 10 April 2006
Infrastructural facilities to be provided	: Road, electricity, water, sewage and communications

Usage	: Residential and commercial
Land use terms	: 70 years for residential use and 40 years for commercial use
Plot ratio	: Less than 1.3 (residential use) Less than 2.5 (commercial use)
Green area ratio	: More than 37% (residential portion) More than 25% (commercial portion)
Latest commencement date of construction	: 9 April 2007
Land premium	: RMB75,362,960

- (3) As the Certificate for the Use Rights of State-owned Land has not been obtained yet, in the course of our valuation, we have assigned no commercial value to the property.

- (4) The opinion of the Group's legal adviser on PRC law states, inter alia, that:

- (i) By virtue of the Contract for Grant of State-owned Land Use Rights No. (2005) 96 dated 10 October 2005, New Heritage Development Limited (香港新繼發展有限公司) has been granted the land use rights of the property with a site area of 34,895.2 sq.m. for residential use and 6,683.8 sq.m. for commercial use for land use terms of 70 years and 40 years respectively.
- (ii) The payment schedule of the land premium of the property is in 3 phases as follows:

Phase	Land Premium (RMB)	Date of Payment
Phase 1	30,145,184	Before 11 October 2005
Phase 2	22,608,888	Before 31 December 2005
Phase 3	22,608,888	Before 10 April 2006

- (5) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	No
Business Licence	Yes

Group V – Property interests rented by the Group in the PRC

Property	Description and tenancy particulars	Capital value in existing state as at 31 August 2005
12. Unit 8B, Jin Shing Apartment, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises a residential unit on level 8 of an 18-storey building completed in 1996.</p> <p>The property has a gross floor area of 170 sq.m. (1,830 sq.ft.) and is currently occupied by the Group as director's quarters.</p> <p>The property is rented from a third party for a term of 2 years from 4 December 2004 at a monthly rent of RMB14,904 (US\$1,800), inclusive US\$300 furniture rental but exclusive management fee and utilities charges.</p>	No commercial value
13. Unit 8D, Jin Shing Apartment, 98 Shi Shan Road, New District, Suzhou, Jiangsu Province, the PRC	<p>The property comprises a residential unit on level 8 of an 18-storey building completed in 1996.</p> <p>The property has a gross floor area of 157 sq.m. (1,690 sq.ft.) and is currently occupied by the Group as director's quarters.</p> <p>The property is rented from a third party for a term of 2 years from 4 December 2004 at a monthly rent of RMB12,420 (US\$1,500), inclusive US\$300 furniture rental but exclusive management fee and utilities charges.</p>	No commercial value
14. Unit 1806, Block B, U-Space Court, 8 Guangqumen Outer Main Street, Chaoyang District, Beijing, the PRC	<p>The property comprises a residential unit on the 18th floor of a high-rise composite building completed in 2003.</p> <p>The property has a gross floor area of about 86 sq.m. (926 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is rented from a third party for a term of one year from 8 January 2005 to 7 January 2006 at a monthly rent of RMB4,700, exclusive of management fee.</p>	No commercial value

Group VI – Property interests rented by the Group in Hong Kong

Property	Description and tenancy particulars	Capital value in existing state as at 31 August 2005
15. Room 2301, 23rd Floor, Fortis Bank Tower, Nos. 77 to 79 Gloucester Road and Nos. 117-119 Jaffe Road, Wanchai, Hong Kong	<p>The property comprises an office unit on 23rd floor of a 33-storey building completed in 1982.</p> <p>The property has a saleable floor area of approximately 300.9 sq.m. (3,239 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is rented from a third party for a term of 1 year from 1 February 2005 to 31 January 2006 at a monthly rent of HK\$49,000, exclusive of management fee, government rates and utilities charges.</p>	No commercial value
16. Car Parking Spaces Nos. 28 and 51, 2nd Floor, Fortis Bank Tower, Nos. 77 to 79 Gloucester Road and Nos. 117-119 Jaffe Road, Wanchai, Hong Kong	<p>The property comprises 2 car parking spaces on 2nd floor of a 33-storey building completed in 1982.</p> <p>The property is currently occupied by the Group as carpark.</p> <p>The property is licensed from a third party for a term of 1 year from 1 February 2005 to 31 January 2006 at a monthly licence fee of HK\$7,000, exclusive of management fee and Government rates.</p>	No commercial value