

The following is the text of a letter, summary of values and valuation certificate issued by Chesterton Petty Ltd., an independent property valuer, prepared for the purpose of incorporation in this prospectus, in connection with its valuation of the property interests held by the Company and its subsidiaries as at 31 January 2001. The Company has confirmed that there is no change in the property interests of the Group between 4 April 2001 and 27 April 2001. Chesterton has confirmed that the content and figures of the following valuation report dated 4 April 2001 will not be affected in any circumstances should the date of the valuation report change from 4 April 2001 (the date of the valuation report) to 27 April 2001 (the date of this prospectus) under the condition that the valuation date remains as at 31 January 2001.



International Property Consultants

Chesterton Petty Limited
16th Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

4 April 2001

The Board of Directors
Xinao Gas Holdings Limited
Huaxiang Road
Langfang Economic and Technical Development Zone
Hebei Province
The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the property interests held by Xinao Gas Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the Hong Kong Special Administration Region ("Hong Kong") and in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, 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 values of such property interests as at 31 January 2001.

Our valuation is our opinion of the open market value which we would define as intended to mean "the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- (i) a willing seller;
- (ii) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (iii) 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;

- (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

Our valuation has been made on the assumption that the owner sells the property interests on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuation.

We have valued property interests Nos. 5, 6, 7 & 13 in Group I according to comparable sale evidence available in the market. For all the other property interests in Group I, due to the specific purpose for which most of the buildings and structures have been constructed, there are no readily identifiable market comparable. Thus these buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement cost. We would define “depreciated replacement cost” for these purposes to be our opinion of the land value in its existing use and an estimate of the new replacement costs of the buildings and structures, including fees and finance charges, from which deductions are then made to allow for age, condition and functional obsolescence. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on comparable sales.

Property interests in Group II which are held under construction, have been valued on the basis of the prevailing cost level and status of construction as at the date of valuation, and we have also assumed that all consents, approvals and licences from relevant government authorities for the development proposals will be granted without any onerous conditions or undue delay which might affect their values.

In valuing the property interests, we have also relied on the advice given by the Group and its legal advisers, Commerce & Finance Law Offices, on PRC law, regarding the title to property interests and interests of the Group in the properties. For the purpose of our valuation, unless otherwise stated, we have also assumed that the Group has enforceable title to the property interests and has free and uninterrupted rights to use, occupy or assign property interests for the whole of the respective unexpired terms as granted. Unless otherwise stated, in the course of our valuation of property interests in Group I and II, we have assumed that the transferable land use rights in respect of property interests for respective specific terms subject to nominal annual land use fees have been granted.

Property interests in Group III, IV and VI, which are leased by the Group have no commercial value due to the prohibition against assignment or sub-letting and their short term nature and the lack of substantial profit rent.

In valuing property interests to be acquired by the Group in Group V, we have according to your specific term of instructions, assumed that the properties have proper titles vested in the Group and which are freely transferable in the market without any outstanding payment or premium.

We have been provided with copies of extracts of title documents relating to the properties, such as land use right certificates and construction work planning permits. However, we have not inspected the original documents to verify the ownership or to verify any amendments, which may not appear on the copies handed to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal advisers on PRC law, Commerce & Finance Law Offices, and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, joint venture contracts, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the site and the floor areas of the property interests and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We have 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.

We have inspected the exterior of the properties valued and, where possible, the interior of the premises. However, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

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

In preparing our valuation report, we have had regard to the requirements contained in the provisions of Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi.

Our summary of values and valuation certificate are attached.

Yours faithfully,
For and on behalf of
Chesterton Petty Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Executive Director

Note: Charles C K Chan, Chartered Estate Surveyor, M.Sc., F.R.I.C.S., F.H.K.I.S, M.C.I.Arb., R.P.S. (G.P.), has been a qualified valuer with Chesterton Petty Ltd. since June 1987 and has about 16 years' experience in valuation of properties in Hong Kong and has extensive experience in valuation of properties in the PRC.

SUMMARY OF VALUES

Property	Capital value in existing state as at 31 January 2001 <i>RMB</i>	Group's attributable interest %	Capital value in existing state as at 31 January 2001 attributable to the Group <i>RMB</i>
Group I – Property interests held by the Group in the PRC			
1. Langfang Development Zone Processing Station Huaxiang Road West Langfang Economic and Technical Development Zone Langfang Hebei Province, the PRC	7,380,000	95%	7,011,000
2. Chengbei Processing Station Heping Road North Section West side Langfang Hebei Province, the PRC	4,900,000	95%	4,655,000
3. Chengnan Processing Station Langzhou Road North Xinzhuang Road West Langfang Hebei Province, the PRC	2,960,000	95%	2,812,000
4. Land and Building located at the junction of Huaxiang Road East and Hongrun Road North Langfang Economic and Technical Development Zone Langfang Hebei Province, the PRC	53,000,000	95%	50,350,000
5. Land and Building located at 2 Jinguang Road Langfang Hebei Province, the PRC	7,600,000	95%	7,220,000
6. Staff Quarters Building 19 Yinhe Main Street Langfang Hebei Province, The PRC	3,070,000	95%	2,917,000

APPENDIX III
PROPERTY VALUATION

Property	Capital value in existing state as at 31 January 2001 <i>RMB</i>	Group's attributable interest %	Capital value in existing state as at 31 January 2001 attributable to the Group <i>RMB</i>
7. Staff Quarters Building 6 Yingchun Road Langfang Hebei Province, the PRC	1,810,000	95%	1,720,000
8. Land occupied for laying gas pipelines from Wanzhuang to Langfang Langfang Hebei Province, the PRC	460,000	95%	437,000
9. Land occupied for laying gas pipelines from Yongqing to Langfang Langfang Hebei Province, the PRC	1,080,000	95%	1,026,000
10. Land occupied for laying gas pipelines from Anci to Langfang Langfang Hebei Province, the PRC	370,000	95%	351,500
11. A parcel of land located at the northern side of Wanzhuang Petroleum Factory Planning District Langfang Hebei Province, the PRC	540,000	95%	513,000
12. Huludao Processing Station 2 Shanshui Road Longwan New District Huludao Liaoning Province, the PRC	7,350,000	90%	6,615,000
13. 13 Residential Units Block 4, Shenhai Garden Huludao Liaoning Province, the PRC	1,770,000	90%	1,593,000
14. Miyun Processing Station Jizhuang Village Mixi Road North Miyun County Beijing Municipality, the PRC	2,650,000	80%	2,120,000
Sub-total :	94,940,000		89,340,500

Property	Capital value	Group's	Capital value
	in existing state as at 31 January 2001 <i>RMB</i>	attributable interest %	in existing state as at 31 January 2001 attributable to the Group <i>RMB</i>
Group II – Property interests held by the Group under construction in the PRC			
15. The Extended Portion of Langfang Development Zone Processing Station Yaohua Road Langfang Economic and Technical Development Zone Langfang Hebei Province, the PRC	5,340,000	95%	5,073,000
16. A parcel of land located at South of Xihutun Chun Langfang Hebei Province, the PRC	No commercial value	95%	No commercial value
17. Liaocheng Processing Station Huxi Road Liaocheng Shandong Province, the PRC	4,850,000	90%	4,365,000
Sub-total :	10,190,000		9,438,000

Group III – Property interests leased by the Group in the PRC

18. Portion of Level 1 in a building of Jinyu Area Shuguang Road Langfang Hebei Province, the PRC		No commercial value
19. Level 2 of a building located at Pipeline Bureau District Six Langfang Hebei Province, The PRC		No commercial value
20. A unit on Level 1 located at 1 Yingchun Road Langfang Hebei Province, The PRC		No commercial value

Property	Capital value in existing state attributable to the Group as at 31 January 2001 <i>RMB</i>
21. Two units on Level 1 West Wing Pipeline Bureau District Nine Langfang Hebei Province, The PRC	No commercial value
22. Various buildings Changfu Road Anci District Langfang Hebei Province, the PRC	No commercial value
23. A unit on Level 1 3-1-8 Binhe Estate Huludao Liaoning Province, the PRC	No commercial value
24. 45-1 Western Area Hubei Estate Liaocheng Shandong Province, The PRC	No commercial value
25. Blocks 25 and 26 in Western Area Hubei Estate Liaocheng Shandong Province, the PRC	No commercial value
26. Portion of Level 1, Yuxin Street Middle Section of South Road Liaocheng Shandong Province, The PRC	No commercial value
27. Portion of Level 1 74 Dongchang West Road Liaocheng Shandong Province, the PRC	No commercial value
28. Portion of Level 1, Building 11 Menshi Jia, South Main Street Miyun County Beijing Municipality, the PRC	No commercial value
29. Portion of Levels 1 & 2 Commercial Service Building Kangju South District Miyun County Beijing Municipality, the PRC	No commercial value

Property	Capital value in existing state as at 31 January 2001 <i>RMB</i>	Group's attributable interest %	Capital value in existing state attributable to the Group as at 31 January 2001 <i>RMB</i>
30. Rooms 201, 301, 401 of Block 4 and Rooms 201, 202, 302 of Block 5 Building No. 6 Kangju South District Miyun County Beijing Municipality, the PRC			No commercial value
Sub-total:			Nil
Group IV – Property interest leased by the Group in Hong Kong			
31. Portion of Office Units 4201-4202 42th Floor, Far East Finance Centre 16 Harcourt Road Admiralty, Hong Kong			No commercial value
Sub-total:			Nil
Grand total for the Group:	105,130,000		98,778,500

Group V – Property interests held by the companies to be acquired by the Group in the PRC

Property	Capital value in existing state as at 31 January 2001 <i>RMB</i>	Attributable interest to be acquired by the Group %	Capital value in existing state attributable to the Group as at 31 January 2001 <i>RMB</i>
32. Changping Processing Station Zheng Ba Street Changping County Beijing Municipality, the PRC	No Commercial Value	80%	No Commercial Value
33. Pinggu Processing Station District 11 Xinggu Economic Development Area Pinggu County Beijing Municipality, the PRC	No Commercial Value	70%	No Commercial Value
34. Land and buildings located at 26 Leyuan West District Pinggu County Beijing Municipality, the PRC	No Commercial Value	70%	No Commercial Value

	Capital value in existing state as at 31 January 2001 <i>RMB</i>	Attributable interest to be acquired by the Group %	Capital value in existing state attributable to the Group as at 31 January 2001 <i>RMB</i>
35. Qingdao Processing Station West of Changbeishan Road and North of Jialingjiang Road Qingdao Shandong Province, the PRC	No Commercial value	90%	No Commercial value
36. A parcel of land located at North of Jialingjiang Road West of Changbeishan Road Qingdao Shandong Province, the PRC	No Commercial value	90%	No Commercial value
37. A parcel of land located at Tuanjie Road Qingdao Shandong Province, the PRC	No Commercial value	90%	No Commercial value
Sub-total:	<u>Nil</u>		<u>Nil</u>

Group VI – Property interests leased by companies to be acquired by the Group in the PRC

38. Level 16 Hualin Building Qingdao Shandong Province, the PRC			No commercial value
39. Rooms 101 & 102, Building No. 9 Group A, Tangdao Bay Qingdao Shandong Province, the PRC			No commercial value
40. A unit at 8-1 Xiangjiang Road Developing District Qingdao Shandong Province, the PRC			No commercial value
41. Room 101 at West Block of Building No. 26 Zijinshan Estate Qingdao Shandong Province, the PRC			No commercial value
42. West Wing of Level 2 Building No. 3 Guanting Estate Qingdao Shandong Province, the PRC			No commercial value

Property	Capital value in existing state as at 31 January 2001 <i>RMB</i>	Attributable interest to be acquired by the Group %	Capital value in existing state attributable to the Group as at 31 January 2001 <i>RMB</i>
43. Room 603 at Building No. 20 Zijinshan Estate Developing District Qingdao Shandong Province, the PRC	_____		No commercial value _____
Sub-total:	Nil		Nil
Grand-total for property interests held by the companies to be acquired by the Group:	<u>Nil</u>		<u>Nil</u>

VALUATION CERTIFICATE

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

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
1. Langfang Development Zone Processing Station Huaxiang Road West Langfang Economic and Technical Development Zone Langfang Hebei Province The PRC	<p>The property comprises a level site with a site area of approximately 24,840 sq.m. (267,378 sq.ft.), located at the junction of Huaxiang Road and Yaohua Road.</p> <p>Currently erected on the site is a processing station comprising six one to three storey buildings of brick/concrete construction with a total gross floor area of approximately 3,038.29 sq.m. (32,704 sq.ft.) completed in 1998.</p> <p>The land use rights of the property are held for a term commencing from 30 December 1999 and expiring on 26 September 2045 for industrial uses.</p>	The property is occupied by the Group for administration and manufacturing purposes.	RMB7,380,000 (95% interest attributable to the Group: RMB7,011,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊產國用(1999)字第00052號 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau) on 30 December 1999, the land with a site area of 24,840 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as "Party A"), for a term commencing from 30 December 1999 and expiring on 26 September 2045 for industrial use.
- (2) Pursuant to the Building Ownership Certificate 廊開字第5034號 issued by 廊坊經濟技術開發區房地產管理局 (Langfang Economic and Technology Development Zone Real Estate Administration Bureau) in October 1998, title to the buildings with a total gross floor area of 3,038.29 sq.m. is vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited, then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.

- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation of 30 years commencing from 28 March 1993.
- (5) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by transfer. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer, lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. It is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to future transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid government authority's approval has been obtained.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
2. Chengbei Processing Station Heping Road North Section West side Langfang Hebei Province The PRC	<p>The property comprises a level site with an area of approximately 20,000.00 sq.m. (215,280 sq.ft.), constructed with two single-storey buildings of brick/concrete structure with a total gross floor area of approximately 658.16 sq.m. (7,084 sq.ft.) completed in 1999.</p> <p>The land use rights of the property are held for a term of 50 years commencing from 8 August 1999 and expiring on December 2048 for urban facilities use.</p>	The property is occupied by the Group for administration and manufacturing purposes.	RMB4,900,000 (95% interest attributable to the Group: RMB4,655,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊國用(1999)字第01310號 dated 8 August 1999 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau), the land with a site area of 20,000.00 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as "Party A") for a term commencing from 8 August 1999 and expiring on December 2048 for urban facilities use.
- (2) Pursuant to the Building Ownership Certificate 廊坊市房權證字第K3170 dated 23 August 1999 issued by 廊坊市房地產管理局 (Langfang City Real Estate Administration Bureau), the title to the buildings with a total gross floor area of 658.16 sq.m. is vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of Capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation of 30 years commencing from 28 March 1993.

- (5) We have been provided with legal opinion on the title to the property issued by the Group’s legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by transfer. Subject to the registration procedures being completed with the relevant government authority, these land use rights can be transferred, leased or mortgaged but the use of the land cannot be changed. There is no legal impediment for Party A in completing the registration procedure.
 - (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. Party A is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to the transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid registration procedure is completed.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
3. Chengnan Processing Station Langzhou Road North Xinzhuang Road West Langfang Hebei Province The PRC	<p>The property comprises two adjoining level plots of land with a total site area of approximately 13,067.40 sq.m. (140,657 sq.ft.), constructed with two single storey buildings of brick/concrete construction. The total gross floor area of the buildings is approximately 323.10 sq.m. (3,478 sq.ft.) completed in August 2000.</p> <p>The land use rights of the property are held for a term commencing from 20 August 1998 and expiring on 20 August 2043 for composite use.</p>	The property is occupied by the Group for administration and manufacturing uses.	RMB2,960,000 (95% interest attributable to the Group: RMB2,812,000)

Notes:

- (1) Pursuant to two State-owned Land Use Right Certificates 安國轉(1999)字第0181 and 0182號 both dated 16 August 1999 issued by 廊坊市安次區土地管理局 (Langfang City Anci District Land Administration Bureau), the land with a total site area of 13,067.40 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as "Party A") for a term commencing from 20 August 1998 and expiring on 20 August 2043 for composite use.
- (2) Pursuant to the Building Ownership Certificate 廊坊市房權證字第K3299 dated 2 August 2000 issued by 廊坊市房地產管理局 (Langfang City Real Estate Administration Bureau), titles to the said buildings with a total gross floor area of 323.10 sq.m. are vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd, referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.

- (5) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by transfer. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the land but Party A shall complete the registration procedure with the relevant government authority for future transfer, lease or mortgage of the land. There is no legal impediment for Party A in completing such registration procedure.
 - (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. It is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to future transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid registration procedure is completed.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
4. Land and Building located at the junction of Huaxiang Road East and Hongrun Road North Langfang Economic and Technical Development Zone Langfang Hebei Province The PRC	<p>The property comprises a level site with a site area of 19,481.33 sq.m. (209,697 sq.ft.) or thereabouts located at the junction of Huaxiang Road and Hongrun Road.</p> <p>Currently erected on the site is a composite building of reinforced concrete structure completed in August 1999. The total gross floor area of the building is approximately 10,605.17 sq.m. (114,154 sq.ft.).</p> <p>The land use rights of the property are held for a term commencing from 20 December 2000 and expiring on 30 March 2047 for composite use.</p>	<p>Level 1 of the property with a total gross floor area of approximately 3,299 sq.m. is leased under a tenancy agreement to 新奧集團股份有限公司 (Xinao Group Company Limited) for a term of 3 years commencing from 1 January 2001 and expiring on 31 December 2003 at an annual rent of RMB1,039,185 exclusive of management fee but inclusive of charges listed in Note 6(i).</p> <p>The remaining portion of the property is occupied by the Group for administration and recreational purposes.</p>	<p>RMB53,000,000</p> <p>(95% interest attributable to the Group: RMB50,350,000)</p>

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊開國用(2000)字第00027號 dated 20 December 2000 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau), the land with a total site area of 19,481.33 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as "Party A") for a term commencing from 20 December 2000 to 30 March 2047 for composite use.
- (2) Pursuant to the Building Ownership Certificate 廊坊市房權證廊開字第G4109號 dated 25 December 2000 issued by 廊坊市房地產管理局 (Langfang City Real Estate Administration Bureau), title to the said building with a total gross floor area of approximately 10,605.17 sq.m. is vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated entered 29 July 2000 into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.

(5) The property is subject to three mortgage charges; details of which are being listed as follows:

Contract No.	Mortgagor	Mortgagee	Mortgage Loan	Mortgage Term
1. 開農銀抵字(2000)第022號	Party A	中國農業銀行 廊坊開發區支行	Short Term Loan RMB5,000,000	Expiring on 2001-8-30
2. 開農銀借字(2000)第004號	新奧集團股份 有限公司	中國農業銀行 廊坊開發區支行	RMB3,000,000	Expiring on 2001-9-24
3. (1999)開農銀抵借字第026號	新奧集團股份 有限公司	中國農業銀行 廊坊開發區支行	RMB15,000,000	Expiring on 2001-9-9

(6) The Lease Agreement entered into between Party A (the “Landlord”) and 新奧集團股份有限公司 (Xinao Group Company Limited) (the “Tenant”) dated 1 January 2001, which contains, inter alia, the following information:

- (i) The charges included in the annual rent comprises apportioned building depreciation, building routine maintenance fees common area usage/maintenance charges and relevant charges in respect of hygiene, environment, gardening, air-conditioning, fire services, security, insurance, water, electricity and telecommunication;
- (ii) The rent will not be adjusted within the first year; and
- (iii) If adjustment is required after the first year rental period, the new rent shall be increased according to the inflation rate announced by the State provided that the new rent shall not exceed an increment rate of 8%.

(7) We have been provided with legal opinion on the title to the property issued by the Group’s legal advisers on PRC law, which contains, inter alia, the following information:

- (i) Party A has obtained the land use rights of the aforesaid land legally by grant. These land use rights have been mortgaged for a term from 6 September 1999 to 24 September 2001. During the mortgage period, Party A shall not transfer or further mortgage the land use rights of the aforesaid land unless with the consent of the aforesaid mortgagee. However the same can be leased after obtaining approval of the relevant government authority. After the mortgage period expires, subject to the approval of the relevant government authority this land use rights can be transferred, leased or mortgaged but the use of the land cannot be changed. According to the PRC law, Party A shall only be granted the State-owned land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the land but Party A shall obtain the approval of the relevant government authority for future transfer of lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. The buildings are subject to mortgage. The mortgage period is 2 year from 6 September 1999. During the mortgage period, Party A shall not transfer or further mortgage the building ownership right of such buildings unless with the consent of the aforesaid mortgagee. However, the same can be leased after obtaining approval of the relevant government authority. After the mortgage period expires, Party A is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to future transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid government authority’s approval has been obtained.
- (iii) Party A has the building ownership right of the buildings. The lease agreement is registered in relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto. The rights and obligations of both parties thereto are protected and governed by PRC laws.

(8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes
Mortgage Contracts	Yes
Lease Agreement	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
5. Land & Building located at 2 Jinguang Road Langfang Hebei Province The PRC	<p>The property comprises a parcel of land with a total site area of approximately 2,481.90 sq.m. (26,715 sq.ft.) constructed with a 6-storey building of reinforced concrete structure with a total gross floor of approximately 4,368.63 sq.m. (47,024 sq.ft.) completed in 1999.</p> <p>The land use rights of the property are held for a term commencing from 22 December 2000 and expiring on 23 December 2047 for composite use.</p>	The property is occupied by the Group for administration purposes.	RMB7,600,000 (95% interest attributable to the Group: RMB7,220,000)

Notes:

- (1) Pursuant to State-owned Land Use Right Certificate 廊國用(2000)字第01363號 dated 22 December 2000 issued by 廊坊市土地管理局(Langfang City Land Administration Bureau), the land with a total site area of 2,481.90 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as "Party A") for a term commencing from 22 December 2000 and expiring on 23 December 2047 for composite use.
- (2) Pursuant to the Building Ownership Certificate 廊坊市房權證字第K2902號 dated 20 December 2000 issued by 廊坊市房地產管理局 (Langfang City Real Estate Administration Bureau), title to the said building with a total gross floor area of 4,368.63 sq.m. is vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of joint venture company : 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited)
 - (ii) Term of operation : 30 years from 28 March 1993
 - (iii) Total investment amount : US\$9,333,900
 - (iv) Registered capital : US\$9,333,900
 - (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
 - (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家

- (5) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by transfer. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer, lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
 - (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. It is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to future transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid government authority's approval has been obtained.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
6. Staff Quarters Building 19 Yinhe Main Street Langfang Hebei Province The PRC	<p>The property comprises a parcel of land with a total site area of approximately 319.14 sq.m. (3,435 sq.ft.), constructed with a 6-storey building of reinforced concrete structure with a total gross floor area of approximately 1,373.38 sq.m. (14,783 sq.ft.) completed in 1998.</p> <p>The land use rights of the property is held for a term commencing from 22 December 2000 and expiring on 9 August 2065 for composite use.</p>	<p>The property is leased to 廊坊新奧物業管理有限公司 (Langfang Xinao Property Management Company Limited), for a term of 3 years commencing from 1 January 2001 and expiring on 31 December 2003 at an annual rent of RMB329,611 inclusive of all charges listed in Note 5(i), as staff quarters.</p>	<p>RMB3,070,000</p> <p>(95% interest attributable to the Group: RMB2,917,000)</p>

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊國用(2000)字第01361號 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau) on 22 December 2000, the title to the property is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred hereinafter as "Party A") for a term commencing from 22 December 2000 and expiring on 9 August 2065 for composite use.
- (2) Pursuant to the Building Ownership Certificate 廊C字第3289號 dated July 2000 issued by 廊坊市房地產管理局 (Langfang City Real Estate Administration Bureau), title to the said buildings with a total gross floor area of 1,373.38 sq.m. is vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of joint venture company : 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited)
 - (ii) Term of operation : 30 years from 28 March 1993
 - (iii) Total investment amount : US\$9,333,900
 - (iv) Registered capital : US\$9,333,900
 - (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
 - (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (5) The Lease Agreement entered into between Party A (the "Landlord") and 廊坊新奧物業管理有限公司 (Langfang Xinao Property Management Company Limited) (the "Tenant") dated 1 January 2001, which contains, inter alia, the following information:
 - (i) The charges included in the annual rent comprises apportioned building depreciation, building routine maintenance fees common area usage/maintenance charges and relevant charges in respect of hygiene, environment, gardening, air-conditioning, fire services, security, insurance, water, electricity and telecommunication;

- (ii) The rent will not be adjusted within the first year; and
 - (iii) If adjustment is required after the first year rental period, the new rent shall be increased according to the inflation rate announced by the state provided that the new rent shall not exceed an increment rate of 8%.
- (6) We have been provided with a legal opinion on the title to the property issued by the Group’s legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by grant. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer, lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
 - (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. It is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to future transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid government authority’s approval has been obtained.
 - (iii) Party A has the building ownership right of the buildings. The lease agreement is registered in relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto. The rights and obligations of both parties thereto are protected and governed by PRC laws.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes
Lease Agreement	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
7. Staff Quarters Building 6 Yingchun Road Langfang Hebei Province The PRC	The property comprises a parcel of level site with a site area of approximately 629.68 sq.m. (6,178 sq.ft.), constructed with 1 brick/concrete construction building with a total gross floor area of approximately 2,017.7 sq.m. (21,719 sq.ft.) completed in 1995. The land use rights for the property are held for a term expiring on 23 December 2047 for composite use.	The property is leased to 新奧集團股份有限公司 (Xinao Group Company Limited) for a term of 3 years commencing from 1 January 2001 and expiring on 31 December 2003 at an annual rental of RMB435,823 inclusive of all charges listed in Note 5(i).	RMB1,810,000 (95% interest attributable to the Group: RMB1,720,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊國用(2000)字第01360號 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau) on 20 December 2000, the land with a site area of approximately 629.68 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred hereinafter as "Party A") for a term expiring on 23 December 2047 for composite use.
- (2) Pursuant to the Building Ownership Certificate 廊自字第1954號 issued by 廊坊市房屋產權籍監理處 (Langfang City Property Rights Supervisory Office) on July 2000, the title to the said building with a total gross floor area of 2,017.7 sq.m. is vested in Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (5) The Lease Agreement entered into between Party A (the "Landlord") and 新奧集團股份有限公司 (Xinao Group Company Limited) (the "Tenant") dated 1 January 2001, which contains, inter alia, the following information:
- (i) The charges included in the annual rent comprises apportioned building depreciation, building routine maintenance fees common area usage/maintenance charges and relevant charges in respect of hygiene, environment, gardening, air-conditioning, fire services, security, insurance, water, electricity and telecommunication;

- (ii) The rent will not be adjusted within the first year; and
- (iii) If adjustment is required after the first year rental period, the new rent shall be increased according to the inflation rate announced by the state provided that the new rent shall not exceed an increment rate of 8%.
- (6) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by grant. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer or lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (ii) Party A has obtained the building ownership right of the buildings under the Building Ownership Certificate. It is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means. However, the aforesaid land or any part thereof relating to future transfer or mortgage of such building shall be transferred or mortgaged after the aforesaid government authority's approval has been obtained.
- (iii) Party A has the building ownership right of the building. The lease agreement is registered in relevant government authorities and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto. The rights and obligations of both parties thereto are protected and governed by PRC laws.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follow:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes
Lease Agreement	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2000
8. Land occupied for laying gas pipelines from Wanzhuang to Langfang Langfang Hebei Province The PRC	The property comprises a long and narrow parcel of land with a total area of approximately 3,815.87 sq.m. (41,074 sq.ft.). The land use rights are held for a term of 50 years expiring on 18 August 2050 for urban facilities use.	The property is occupied by the Group for laying gas pipeline.	RMB460,000 (95% interest attributable to the Group: RMB437,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊國用(2000)字第00709號 dated 18 August 2000 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau), the land with a site area of 3,815.87 sq.m. (41,074 sq.ft.) is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as "Party A") for a term of 50 years commencing from 18 August 2000 and expiring on 18 August 2050 for urban facilities use.
- (2) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (3) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (4) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- Party A has obtained the land use rights of the aforesaid land legally by grant. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer or lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
- | | |
|--|-----|
| Joint Venture Contract | Yes |
| State-owned Land Use Right Certificate | Yes |
| Building Ownership Certificate | Yes |
| Business Licence | Yes |

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
9. Land occupied for laying gas pipeline from Yongqing to Langfang Langfang Hebei Province The PRC	The property comprises a long and narrow parcel of land with total site area of approximately 9,045.00 sq.m. (97,360 sq.ft.). The land use rights are held for a term of 50 years expiring on 17 August 2050 for the purpose of laying gas pipelines.	The property is occupied by the Group for laying gas pipeline.	RMB1,080,000 (95% interest attributable to the Group: RMB1,026,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 永國用(2000)字第012572573號 dated 18 August 2000 issued by 永清縣土地管理局 (Yongqing County Land Administration Bureau), the land with a site area of 9,045.00 sq.m is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, "referred thereafter as "Party A") for a term expiring on 17 August 2050 for the purpose of laying gas pipelines.
- (2) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (3) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (4) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- Party A has obtained the land use rights of the aforesaid land legally by grant. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer or lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
10. Land occupied for laying gas pipelines from Anci to Langfang Langfang Hebei Province The PRC	The property comprises a long and narrow parcel of land with a total site area of approximately 3,100.02 sq.m. (33,369 sq.ft.). The land use rights are held for a term of 50 years expiring on 20 August 2050 for the purpose of laying gas pipelines.	The property is occupied by the Group for laying gas pipeline.	RMB370,000 (95% interest attributable to the Group: RMB351,500)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 安國用(2000)字第0457號 dated 20 August 2000 issued by 廊坊市安次區土地管理局 (Langfang City Anci District Land Administration Bureau), the land with a site area of 3,100.02 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xiniao Gas Company Limited, referred thereafter as "Party A") for a term commencing from 20 August 2000 and expiring on 20 August 2050 for the purpose of laying gas pipelines.
- (2) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xiniao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 廊坊新奧燃氣有限公司
(Langfang Xiniao Gas Company Limited)
- (ii) Term of operation : 30 years from 28 March 1993
- (iii) Total investment amount : US\$9,333,900
- (iv) Registered capital : US\$9,333,900
- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (3) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 the (State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A was incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (4) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- Party A has obtained the land use rights of the aforesaid land legally by grant. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer or lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
- | | |
|--|-----|
| Joint Venture Contract | Yes |
| State-owned Land Use Right Certificate | Yes |
| Building Ownership Certificate | Yes |
| Business Licence | Yes |

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
11. A parcel of land located at the northern side of Wanzhuang Petroleum Factory Planning District Langfang Hebei Province The PRC	<p>The property comprises a parcel of land with a total site area of approximately 10,869.32 sq.m. (116,997 sq.ft.).</p> <p>The land use rights of the portion of land with an area of approximately 2,348.23 sq.m. (25,276 sq.ft.) is granted for a term expiring on 15 June 2068. The remaining portion of the land is of allocative nature and held for an indefinite term. The whole parcel of land is for residential and natural gas distribution station uses.</p>	The property is currently a vacant site.	<p>RMB540,000</p> <p>(95% interest attributable to the Group: RMB513,000)</p>

Notes:

- Pursuant to a State-owned Land Use Right Certificate 廊國用(1999)字第01309號 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau) on 8 August 1999, the land use rights to the property with a site area of approximately 10,869.32 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred hereinafter as "Party A").
- A portion of the aforesaid land of approximately 8,521.09 sq.m. is allocated land ("Allocated Portion") and the remaining portion of 2,348.23 sq.m. is transferable land ("Remaining Portion"). The Allocated Portion cannot be leased, transferred, mortgaged or changed for other uses before obtaining approval of the relevant government authority and completing relevant land grant procedure and payment of land premium. For the purpose of this valuation, we have disregarded this restriction in our valuation and the allocated land portion of the property has no commercial value due to its in-transferability in the open market.
- Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - Name of joint venture company : 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited)
 - Term of operation : 30 years from 28 March 1993
 - Total investment amount : US\$9,333,900
 - Registered capital : US\$9,333,900
 - Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
 - In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A was incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information

Party A has obtained the land use rights of the Remaining Portion legally by grant. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium in respect of the Remaining Portion has been fully paid. However, whether Party A has paid all land premium in respect of the Remaining Portion shall not affect its legal rights as the holder of the State-owned Land Use Right of completing such registration procedure but Party A shall complete the registration procedure with the relevant government authority for future transfer or lease or mortgage of the Remaining Portion. There is no legal impediment for Party A in completing such registration procedure.

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
12. Huludao Processing Station 2 Shanshui Road Longwan New District Huludao Liaoning Province The PRC	<p>The property comprises two adjoining levelled sites with a total area of approximately 19,803.00 sq.m. (213,159 sq.ft.), constructed with eight single or multi-storey buildings of brick/concrete construction completed in 1998.</p> <p>The buildings include a composite plant, pressure regulating plant and workshops. The total gross floor area of these buildings is approximately 3,377.24 sq.m. (36,353 sq.ft.).</p> <p>The land use rights of the property are held for 2 respective terms expiring on 9 August 2050 and 26 April 2044 for urban facilities use.</p>	The property is occupied by the Group for administration and manufacturing purposes.	RMB7,350,000 (90% interest attributable to the Group: RMB6,615,000)

Notes:

- (1) Pursuant to two State-owned Land Use Right Certificates 葫蘆島國用(2000)字第1100159&1100160號 issued by 葫蘆島市土地管理局 (Huludao City Land Administration Bureau), the land with a total site area of 19,803.00 sq.m. is vested in 葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited, referred thereafter as "Party A") for two respective terms expiring on 9 August 2050 and 26 April 2044 respectively for urban facilities use.
- (2) Pursuant to 8 Building Ownership Certificates 房字第077137, 078061, 078065, 078066, 078067, 078071, 078078 & 078079號, issued by 葫蘆島市房屋產權監理處 (Huludao City Property Rights Supervisory Office) on 30 September 2000, the said buildings with a total floor area of 3,377.24 sq.m is held by Party A.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 27 July 2000 entered into between 葫蘆島市城市建設投資公司 (Huludao City Urban Construction Investment Company Limited, referred thereafter as "Party B") and Xinao Huludao Investment Limited (then known as New Profound Investment Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of joint venture company : 葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)
 - (ii) Term of operation : 30 years from 7 August 2000
 - (iii) Total investment amount : US\$1,725,300
 - (iv) Registered capital : US\$1,207,700 (equivalent to RMB10,000,000)
 - (v) Proportion of capital contribution : Party B – US\$120,700
Party C – US\$1,087,000
 - (vi) Joint venture company's products are for domestic sales only.
 - (vii) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (4) Pursuant to the Business Licence (Registration No. 企合葫總字第000189號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 August 2000, Party A is incorporated with registered capital of US\$1,207,700 with term of operation commencing from 7 August 2000 to 6 August 2030.

- (5) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of the aforesaid land legally by transfer. These land use rights can be transferred, leased or mortgaged. According to the relevant PRC law, Party A would only be granted the State-owned Land Use right Certificate after full payment of the land premium. Since Party A has already obtained the relevant State-owned Land Use Right Certificate, it is reasonable to take the view that all Land premium has been fully paid. However, even if Party A had not fully paid all the land premium, it would not in any event affect any of its legal rights as the holder of the State-owned Land Use Right Certificate, other than the requirement to obtain approval from the relevant PRC government authority for future transfer, lease or mortgage of the land. There shall not be any legal impediment for Party A in obtaining such approval from the relevant PRC government authority.
 - (ii) Party A has obtained the building ownership rights of these buildings under the Building Ownership Certificate and is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
13. 13 Residential Units Block 4, Shenhai Garden Huludao Liaoning Province The PRC	The property comprises 13 residential units in a 6-storey block, namely Block 4 of Shenhai Garden with a total gross floor area of approximately 1,238.90 sq.m. (13,336 sq.ft.) completed in 1999.	The property is occupied by the Group as staff quarters.	RMB1,770,000 (90% interest attributable to the Group: RMB1,593,000)

Notes:

- (1) Pursuant to the Sale and Purchase Agreement dated 28 March 2000 entered into between 葫蘆島市宏運房地產開發有限責任公司 (Huludao City Hong Yun Real Estate Development Limited Liability Company, referred thereafter as "Party A") and 葫蘆島市新奧天然氣有限責任公司 (Huludao City Xinao Natural Gas Limited Liability Company) (now known as 葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited, 90% interest of which is now held by the Group, referred thereafter as "Party B"), Party B agreed to purchase from Party A 13 residential units with a total gross floor area of approximately 1,238.90 sq.m. at a consideration of RMB1,690,334.80.
- (2) Pursuant to 13 Building Ownership Certificates issued by 葫蘆島市房屋產權監理處 (Huludao City Property Rights Supervisory Office) on 2 November 2000, titles to the said units with a total gross floor area of approximately 1,238.90 sq.m. are vested in Party B. The details of which are listed as follows:

	Certificate nos.	Registered owner	Gross floor area	
			Units	sq.m.
1.	房字第073489號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-2-11	76.50
2.	房字第078659號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-2-6	99.76
3.	房字第073484號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-4-8	120.23
4.	房字第078643號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-1-1	97.06
5.	房字第078658號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-1-10	99.74
6.	房字第073475號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-4-11	87.42
7.	房字第078656號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-2-9	95.94
8.	房字第073488號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-2-1	95.94
9.	房字第078644號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-4-9	97.06
10.	房字第078645號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-2-12	76.50
11.	房字第073514號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-2-10	99.76
12.	房字第078657號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-4-12	72.76
13.	房字第073513號	葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited)	4-4-2	120.23
			Total:	<u>1,238.90</u>

- (3) According to a State-owned Land Use Right Certificate 葫國用(97)字第1006012號 issued by 葫蘆島市人民政府 (Huludao City People's Government) provided to us, a parcel of land with the following particulars is vested in 葫蘆島市宏運房地產開發有限責任公司.

Location : Longwan District, Wanxin District, East of Junten District (Longcheng Road North)

Use : Residential

Site area : 33,410 sq.m.

Tenure : 50 years commencing from 8 June 1993

- (4) Pursuant to the Sino-foreign equity joint venture contract dated 27 July 2000 entered into between 葫蘆島市城市建設投資有限公司 (Huludao City Urban Construction Investment Company Limited) (referred thereafter as "Party C") and Xinao Huludao Investment Limited (referred thereafter as "Party D"), both parties agreed to establish a joint venture company. The major terms stipulated in the agreement, inter alia, are stated below:

(i) Name of joint venture company : 葫蘆島新奧燃氣有限公司
(Huludao Xinao Gas Company Limited)

(ii) Term of operation : 30 years from 7 August 2000.

(iii) Total investment amount : US\$1,725,300

(iv) Registered capital : US\$1,207,700 (equivalent to RMB10,000,000)

(v) Proportion of capital contribution : Party C – US\$120,700
Party D – US\$1,087,000

(vi) Joint venture company's products are for domestic sales only.

(vii) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.

- (5) Pursuant to the Business Licence (Registration No. 企合葫總字第000189號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 August 2000, Party B was incorporated with registered capital of US\$1,207,700 with term of operation commencing from 7 August 2000 to 6 August 2030.

- (6) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:

Party B has obtained the building ownership rights of the buildings under the Building Ownership Certificates. As the developer of the property has obtained Land Use Right Certificate of the property and title certificates of certain commodity buildings in China currently have also not specified the land titles, thus notwithstanding that the status of the land use rights of the related land has not been specified therein, Party B is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means.

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

Joint Venture Contract	Yes
Acquisition Agreement of Residential Units	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
14. Miyun Processing Station Jizhuang Village Mixi Road North Miyun County Beijing Municipality The PRC	The property comprises 2 plots of level sites with a total site area of approximately 9,982.48 sq.m. (107,451 sq.ft.), constructed with two single storey buildings of brick/concrete structure with a total gross floor area of approximately 450.49 sq.m. (4,849 sq.ft.) scheduled to be completed in 2001. The land use rights of the property are held for a term expiring on 18 August 2050 for industrial use.	The property is occupied by the Group for manufacturing purposes.	RMB2,650,000 (80% interest attributable to the Group: RMB2,120,000)

Notes:

(1) Pursuant to two State-owned Land Use Right Certificates 京密國用(2000出)字第0100&0101號 dated 18 August 2000 issued by 密雲縣房屋土地管理局(Miyun County Building and Land Administration Bureau, referred thereafter as "Party A"), the land with a total site area of approximately 9,982.48 sq.m. is vested in 北京新奧燃氣有限公司(Beijing Xinao Gas Company Limited, referred thereafter as "Party B") for a term expiring on 18 August 2050 for industrial use.

(2) Pursuant to two Contracts for Grant of State-owned Land Use Right 京密房地出讓合字(2000)第055號 and 056號 both dated 17 August 2000 made between Party A and Party B, Party A agreed to grant the land use rights of two pieces of land with total site area of approximately 9,982.48 sq.m. to Party B for a term of 50 years commencing from the date of issuance of the State-owned Land Use Right Certificate for industrial use at a total consideration of approximately RMB199,649.6. Details of the contracts are being listed as follows:

	京密房地出讓合字 (2000)第055號	京密房地出讓合字 (2000)第056號
Use	: Industrial	Industrial
Site Area	: 4,228.78 sq.m.	5,753.7 sq.m.
Maximum Total Gross Floor Area	: 810 sq.m.	810 sq.m.
Plot Ratio	: 8%	8%
Site Coverage	: 8%	8%
Green Area	: ≥30%	≥30%
No. of storey for the building (maximum/average)	: 1/1	1/1

(3) Pursuant to the Building Ownership Certificate 房權證密私字第 01655號 dated 18 August 2000 issued by 北京市房屋土地管理局(Beijing City Building and Land Administration Bureau), the building with a total gross floor area of approximately 450.49 sq.m. is vested in Party B.

(4) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 北京市密雲化工公司(Beijing City Miyun Chemicals Company, referred thereafter as "Party C") and Xinao Miyun Investment Limited (then known as New Profound Capital Construction Development Co. Ltd., referred thereafter as "Party D"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:

(i) Name of joint venture company	:	北京新奧燃氣有限公司 (Beijing Xinao Gas Company Limited)
(ii) Term of operation	:	30 years from 8 August 2000
(iii) Total investment amount	:	US\$1,205,300
(iv) Registered capital	:	US\$1,195,600 (equivalent to RMB9,900,000)
(v) Proportion of capital contribution	:	Party C – US\$239,100 Party D – US\$956,500

- (vi) In the case that any party intends to sell or transfer its interests (part or whole) of the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (5) Pursuant to the Business Licence (Registration No. 企合京總字第014976號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce in the PRC) dated 8 August 2000, 北京新奧燃氣有限公司 (Beijing Xinao Gas Company Limited) is incorporated with registered capital of US\$1,195,600 with a term of operation commencing from 8 August 2000 to 7 August 2030.
- (6) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party B has fully paid all land premium and obtained the land use rights of aforesaid land legally by grant. These land use rights can be transferred, leased or mortgaged but the use of the land cannot be changed.
- (ii) Party B has fully paid all land premium and obtained the building ownership's rights of these buildings under the Building Ownership Certificate and is entitled to transfer, lease, mortgage or deal with these buildings by way of other legal means but the use of the land cannot be changed.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Joint Venture	Yes
Contract for Grant of State-owned Land Use	Yes
State-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Group II – Property interests held by the Group under construction in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
15. The Extended Portion of Langfang Development Zone Processing Station	The property comprises a levelled site with an area of approximately 19,999.91 sq.m. (215,279 sq.ft.).	The property is currently under construction.	RMB5,340,000
Yaohua Road Langfang Economic and Technical Development Zone	The property is planned to be developed to a processing station comprising one single storey building of reinforced concrete structure with a total floor area of approximately 1,423.95 sq.m. (15,327 sq.ft.) scheduled to be completed in May 2001.		(95% interest attributable to the Group: RMB5,073,000)
Langfang Hebei Province The PRC	The land use rights of the property is held for a term commencing from 30 December 1999 and expiring on 24 November 2048 for industrial use.		

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 廊坊國用(1999)字第0057號 dated 30 December 1999 issued by 廊坊市土地管理局 (Langfang City Land Administration Bureau), the land with a total site area of approximately 19,999.91 sq.m. is vested in 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred thereafter as “Party A”) and the land is held for a term commencing from 30 December 1999 and expiring on 24 November 2048 for industrial use.
- (2) Pursuant to the Construction and Land Use Planning Permission Certificate 建設用地規劃許可證:換268號 issued by 廊坊經濟技術開發區管理委員會 (Langfang Economic and Technology Development Zone Administration Committee) on 9 January 2001, Party A is permitted to use the land with total site area of approximately 19,999.91 sq.m. to construct the extension portion of the Langfang Development Zone Processing Station.
- (3) Pursuant to the Construction Works Planning Permission Certificate 建設工程規劃許可證:換268號 issued by 廊坊經濟技術開發區管理委員會 (Langfang Economic and Technology Development Zone Administration Committee) on 9 January 2001, Party A is permitted to construct the extension portion of the Langfang Development Zone Processing Station with a total gross floor area of approximately 3,000 sq.m..
- (4) Pursuant to a Construction Commencement of Works Permission Certificate 建設項目開工許可證 200-27 開補號 issued by 廊坊經濟技術開發區建設工程管理處 (Langfang Economic and Technology Development Zone Construction Administration Committee) on 18 April 2000, Party A is permitted to start the construction work for the Langfang Development Zone Processing Station.
- (5) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as “Party B”) and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as “Party C”), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:

(i)	Name of joint venture company	:	廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited)
(ii)	Term of operation	:	30 years from 28 March 1993
(iii)	Total investment amount	:	US\$9,333,900
(iv)	Registered capital	:	US\$9,333,900

- (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
- (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms required.
- (6) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 7 March 2001, Party A is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (7) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party A has obtained the land use rights of aforesaid land legally by transfer. According to the PRC law, Party A shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party A has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party A has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party A shall obtain the approval of the relevant government authority for future transfer or lease or mortgage of the land. There is no legal impediment for Party A in obtaining such approval from the relevant government authority.
- (ii) All the necessary legal and valid consents, approvals and permits in relation to the construction works of the buildings have been obtained and the same have not been revoked, cancelled or amended. There is no legal impediment for Party A in obtaining the Building Ownership Certificate of such buildings upon completion of the construction works.
- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
- | | |
|---|-----|
| Joint Venture Contract | Yes |
| State-owned Land Use Right Certificate | Yes |
| Construction and Land Use Planning Permission Certificate | Yes |
| Construction Works Planning Permission Certificate | Yes |
| Business Licence | Yes |

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
16. A parcel of land located at South of Xihutum Chun Langfang Hebei Province The PRC	The property comprises a plot of level site with an area of approximately 666.67 sq.m. (7,176 sq.ft.) located at the south of Xihutum amid the eastern portion of Langfang.	The property is currently a vacant site.	No commercial value

Notes:

- (1) Pursuant to the Construction and Land Use Planning Permission Certificate 建設用地規劃許可證200014號 issued by 廊坊市城市規劃局(Langfang City Town Planning Bureau) to 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited, referred hereinafter to as "Party A") on 25 December 2000, Party A is permitted to use the land with a total site area of approximately 666.67 sq.m. to construct a pressure regulatory station.
- (2) Pursuant to a notice issued by 廊坊市土地管理局用地科 (Langfang City Land Administration Bureau Land Use Department), Party A needs to acquire the land with a site area of 1 mu for the construction of a pressure regulatory station. The relevant land grant procedure is in process.
- (3) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 廊坊市天然氣有限公司 (Langfang City Natural Gas Company Limited, referred thereafter as "Party B") and Xinao Langfang Investment Limited (then known as New Profound International Co. Ltd., referred thereafter as "Party C"), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of joint venture company : 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited)
 - (ii) Term of operation : 30 years from 28 March 1993
 - (iii) Total investment amount : US\$9,333,900
 - (iv) Registered capital : US\$9,333,900
 - (v) Proportion of capital contribution : Party B – US\$466,700
Party C – US\$8,867,200
 - (vi) In the case that any party intends to sell or transfer its interests (part or whole) in the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms required.
- (4) Pursuant to the Business Licence (Registration No. 企合冀廊總字第000134號) issued by 中華人民共和國國家工商行政管理局 (the State Administration Bureau of Industry and Commerce) dated 3 August 2000, Party A (Langfang Xinao Gas Company Limited) is incorporated with registered capital of US\$9,333,900 with a term of operation commencing from 28 March 1993 to 27 March 2023.
- (5) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
 - (i) According to a confirmation dated 15 March 2001 issued by 廊坊市土地管理局用地科 (Langfang City Land Administration Bureau, Land Use Department), Party B is now applying for the grant of the land use right certificate of the aforesaid land. Upon payment of the land premium, there is no legal impediment for Party A in obtaining the land use right certificate.
- (6) Due to insufficient title proof of the property, we have assigned no commercial value to the property.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
 - (i) Joint Venture Contract Yes
 - (ii) Transfer of State-owned Land Use Right Contract No
 - (iii) Construction Land Use Planning Permission Certificate Yes

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
17. Liaocheng Processing Station Huxi Road Liaocheng Shandong Province The PRC	The property comprises a parcel of level site with an area of approximately 25,274.50 sq.m. (272,055 sq.ft.), currently constructed with two single storey buildings of brick/concrete structure with a total gross floor area of approximately 1,475 sq.m. (15,877 sq.ft.) scheduled to be completed in March 2001. The land use rights of the property are held for a term of 50 years expiring on 10 December 2049 for urban facilities use.	The property is currently under construction.	RMB4,850,000 (90% interest attributable to the Group: RMB4,365,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 聊國用(2000)字第85號 dated 6 September 2000 issued by 聊城市土地管理局 (Liaocheng City Land Administration Bureau, referred thereafter as "Party A"), the land with a site area of approximately 25,274.50 sq.m. is vested in 聊城新奧然氣有限公司 (Liaocheng Xinao Gas Company Limited, referred thereafter as "Party B") and the land is held for a term commencing from 6 September 2000 and expiring on 10 December 2049 for urban facilities use.
- (2) Pursuant to the Contract for Grant of State-owned Land Use Right 土合字(97)第5號 dated 1 December 1999 made between Party A and Party B (90% of interests held by the Group), Party A agreed to grant the land use rights of the land with a site area of 25,275 sq.m. to Party B for a term expiring on 10 December 2049 at a consideration of approximately RMB3,262,759.82.
- (3) Pursuant to the Construction and Land Use Planning Permission Certificate 建設用地規劃許可證(99)008號 issued by 聊城市城市規劃局 (Liaocheng City Town Planning Bureau) on 23 June 1999, 聊城市天燃氣有限公司 (Liaocheng City Natural Gas Company Limited) (now known as Party B) is permitted to use the land with a total site area of approximately 38 mu to construct the Gas Processing Station with scale of construction of approximately 4,326 sq.m. According to the information provided by the Group, an administration office is scheduled to be built in 2001.
- (4) Pursuant to the Temporary Construction Works Planning Permission Certificate 臨時建設工程規劃許可證(99)聊規許公建臨字第076號 issued by 聊城市城市規劃局 (Liaocheng City Town Planning Bureau) on 23 September 1999, 聊城市天燃氣有限公司 (Liaocheng City Natural Gas Company Limited) (now known as Party B) is permitted to construct a single-storey pressure control workshop with a total floor area of approximately 975 sq. m. during the period commencing from 23 September 1999 to 23 September 2001. Such building is under construction.
- (5) Pursuant to the Temporary Construction Works Planning Permission Certificate 臨時建設工程規劃許可證(99)聊規許公建臨字第064號 issued by 聊城市城市規劃局 (Liaocheng City Town Planning Bureau) on 17 August 1999, 聊城市天燃氣有限公司 (Liaocheng City Natural Gas Company Limited) (now known as Party B) is permitted to construct a 495 m long boundary wall during the period commencing from 17 August 1999 to 17 August 2001.
- (6) Pursuant to the Temporary Construction Works Planning Permission Certificate 臨時建設工程規劃許可證(2000)聊規許公建臨字第51號 issued by 聊城市城市規劃局 (Liaocheng City Town Planning Bureau) on 28 June 2000, 聊城天燃氣有限公司 (Liaocheng City Natural Gas Company Limited) (now known as Party B) is permitted to construct a single-storey warehouse with a total floor area of approximately 500 sq.m. during the period commencing from 28 June 2000 to 28 June 2002. Such building is under construction.
- (7) Pursuant to the Construction Commencement of Works Permission Certificate 建築工程施工許可證 990144 issued by 聊城市城市規劃局 (Liaocheng City Town Planning Bureau) on 25 September 1999, 聊城市天燃氣有限公司 (Liaocheng City Natural Gas Company Limited) (now known as Party B) is permitted to start the construction work for the Gas Processing Station.

- (8) Pursuant to the Sino-foreign equity joint venture contract dated 29 July 2000 entered into between 聊城市熱力公司 (Liaocheng City Heating Company, referred thereafter as “Party C”) and Xinao Liaocheng Investment Limited (then known as New Profound Development Co. Ltd., referred thereafter as “Party D”), both parties agreed to establish a joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of joint venture company : 聊城新奧燃氣有限公司
(Liaocheng Xinao Gas Company Limited)
- (ii) Term of operation : 30 years from 8 August 2000
- (iii) Total investment amount : RMB22,000,000
- (iv) Registered capital : RMB16,000,000 (equivalent to US\$1,932,400)
- (v) Proportion of capital contribution : Party C – US\$192,400
Party D – US\$1,740,000
- (vi) Joint venture company’s products are for domestic sales only.
- (vii) In the case that any party intends to sell or transfer its interests (part or whole) of the joint venture to an unrelated third party, it has to disclose all terms related to the sale or transfer to the other party in writing. The other party has the pre-emptive right to purchase the interests subject to the same terms.
- (9) Pursuant to the Business Licence (Registration No. 企合魯總第004038號1/1) issued by 中華人民共和國國家工商行政管理局 (The State Administration Bureau of Industry and Commerce) dated 8 August 2000, Party B is incorporated with registered capital of RMB16,000,000 (equivalent to US\$1,932,400) with term of operations commencing from 8 August 2000 to 7 August 2030.
- (10) We have been provided with legal opinion on the title to the property issued by the Group’s legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party B has obtained the land use rights of aforesaid land legally by transfer. According to the PRC law, Party B shall only be granted the State-owned Land Use Right Certificate after full payment of the land premium. Party B has now obtained the State-owned Land Use Right Certificate. Accordingly, it is reasonable to take the view that all land premium has been fully paid. However, whether Party B has paid all land premium shall not affect its legal rights as the holder of the State-owned Land Use Right of the aforesaid land but Party B shall obtain the approval of the relevant government authority for the transfer or lease or mortgage of the land. There is no legal impediment for Party B in obtaining such approval from the relevant government authority.
- (ii) All the necessary legal and valid consents, approvals and permits in relation to the construction works of the buildings have been obtained and the same have not been revoked, cancelled or amended. There is no legal impediment for Party B in obtaining the Building Ownership Certificate of such buildings upon completion of the construction works.
- (11) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
- | | |
|---|-----|
| Joint Venture Contract | Yes |
| State-owned Land Use Right Certificate | Yes |
| Contract for Grant of State-owned Land Use Right | Yes |
| Business Licence | Yes |
| Construction Land Use Planning Permission Certificate | Yes |
| Temporary Construction Works Planning Permission Certificates | Yes |
| Construction Commencement of Works Permit | Yes |

Group III - Property interests leased by the Group in the PRC

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
18. Portion of Level 1 in a building of Jinyu Area Shuguang Road Langfang Hebei Province The PRC	<p>The property comprises a portion of level 1 in a 6-storey composite building completed in 1998 with a total gross floor area of 49.38 sq.m. (532 sq.ft.) or thereabouts.</p> <p>The property is currently subject to a lease agreement for a term commencing from 1 April 2000 and expiring on 11 April 2001 at an annual rent of RMB9,000 and with 10 days of rent free period.</p>	The property is occupied by the Group as office.	No commercial value
19. Level 2 of a building located at Pipeline Bureau District Six Langfang Hebei Province The PRC	<p>The property comprises whole floor of level 2 in a 2-storey building completed in approximately 1995. The total floor area is approximately 150 sq.m. (1,615 sq.ft.).</p> <p>The property is currently subject to a tenancy agreement for a term of 1 year commencing from 25 August 2000 and expiring on 25 August 2001 at an annual rent of RMB12,000 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with a legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information;
- (i) The property is subject to the lease agreement dated 1 April 2000 made between 張紹堂 (Zhang Zhaotang) ("the owner") and 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited) (the "tenant");
- (ii) The owner has obtained the leasing permit (廊) 房租證第0837號 issued by 廊坊市房地產市場管理處 (Langfang City Property Management Office);
- (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.
- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to a lease agreement dated 25 August 2000 made between 管道局廊坊基地物業總公司物業二處 (Pipeline Bureau Langfang Property Second Corporation) ("the owner") and 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited) (the "tenant");
- (ii) The owner has obtained the leasing permit (廊) 房租證第0838號 issued by 廊坊市房地產市場管理處 (Langfang City Property Management Office);
- (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

Note:

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
20. A unit on Level 1 located at 1 Yinchun Road Langfang Hebei Province The PRC	<p>The property comprises a unit on level 1 of a 6-storey building completed in approximately 1998. The total gross floor area is approximately 149.04 sq.m. (1,604 sq.ft.).</p> <p>The property is currently subject to a tenancy agreement for a term of two years commencing from 1 October 1999 at an annual rent of RMB53,200 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group as sales office.	No commercial value

Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to a lease agreement dated 1 October 1999 made between 蘇啟蒙 (Su Qimong) ("the owner") and 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained the leasing permit (廊) 房租證第0839號 issued by 廊坊市房地產市場管理處 (Langfang City Property Management Office);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

21. Two units on Level 1 West Wing Pipeline Bureau District Nine Langfang Hebei Province The PRC	<p>The property comprises two office units on level 1 of a 4-storey building completed in approximately November 1999. The total gross floor area is approximately 36 sq.m. (388 sq.ft.).</p> <p>The property is currently subject to a tenancy agreement for a term of 1 year commencing from 7 March 2000 and expiring on 6 March 2001 at an annual rent of RMB12,960 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group as office.	No commercial value
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Notes:

- (1) We have been provided with a renewal lease agreement for a term of 1 year commencing from 7 March 2001 to 6 March 2002 at an annual rental of RMB12,960 exclusive of water, electricity and other charges.
- (2) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to a lease agreement dated 7 March 2000 made between 中國石油天然氣管道局廊坊基地物業總公司 (Pipeline Bureau Property Corporation) ("the owner") and 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained leasing permit (廊) 房租證第0833號 issued by 廊坊市房地產市場管理處 (Langfang City Property Management Office);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.
 - (iv) By a lease agreement dated 7 March 2001, the owner and the tenant have renewed the lease for a term of 1 year upon the same terms and rent of the lease agreement dated 7 March 2000.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
22. Various buildings Changfu Road Anci District Langfang Hebei Province The PRC	<p>The property comprises 4 various buildings erected on a parcel of land.</p> <p>The total gross floor area of the buildings are approximately 8,250.00 sq.m. (88,803 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term commencing from 1 January 2001 and expiring on 31 December 2003 at a monthly rent of RMB136,044 inclusive of management fee and the all charges listed in note (2) below.</p>	The property is occupied by the Group as storage.	No commercial value

Notes:

- (1) We have been provided with a legal opinion on the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The property is subject to a lease agreement dated 1 January 2001 made between 新奧集團股份有限公司 (Xinao Group Company Ltd) (the "owner") and 廊坊新奧燃氣有限公司 (Langfang Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained leasing permit (廊) 房租證第5005號 issued by 廊坊市房地產市場管理處 (Langfang City Property Management Office); and
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.
- (2) The Lease Agreement entered into between the owner and the tenant dated 1 January 2001, which contains, inter alia, the following information:
 - (i) The charges included in the annual rent comprises apportioned building depreciation, building routine maintenance fees, common area usage/maintenance charges and relevant charges in respect of hygiene, environment, gardening, air-conditioning, fire services, security, insurance, water, electricity and telecommunication;
 - (ii) The rent will not be adjusted within the first year; and
 - (iii) If adjustment is required after the first year rental period, the new rent shall be increased according to the inflation rate announced by the state provided that the new rent shall not exceed an increment rate of 8%.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
23. A unit on Level 1 3-1-8 Binhe Estate Huludao Liaoning Province The PRC	<p>The property comprises the sales unit in a 2-storey building completed in 1998 with a total gross floor area of approximately 217.95 sq.m. (2,346 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of three years commencing from 18 April 2000 and expiring on 18 April 2003 at an annual rent of RMB31,000 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group for commercial purposes.	No commercial value

Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information;
- (i) The property is subject to a lease agreement dated 17 April 2000 made between 李錦堂 (Li Jintang) ("the owner") and the 葫蘆島新奧燃氣有限公司 (Huludao Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained leasing permit 房租證字第0073號 issued by 葫蘆島市房屋產權監理處 (Huludao City Property Rights Supervisory Office);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state at as 31 January 2001
24. 45-1 Western Area Hubei Estate Liaocheng Shandong Province The PRC	<p>The property comprises a 2-storey block of building completed in November 1998 with a total gross floor area of approximately 260 sq.m. (2,799 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of one year commencing from 15 August 2000 and expiring on 15 August 2001 at an annual rent of RMB14,400 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with a legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information;
- (i) The property is subject to the lease agreement and supplemental agreement dated 13 August 2000 and 30 September 2000 respectively made between 曾慶華 (Zheng Qinghua) ("the owner") and 聊城新奧燃氣有限公司 (Liaocheng Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained leasing permit 房地租證第350號 issued by 聊城市房地產市場交易所 (Liaocheng City Property Market Exchange);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state at as 31 January 2001
25. Blocks 25 and 26 in Western Area Hubei Estate Liaocheng Shandong Province The PRC	<p>The property comprises two 2-storey blocks of building completed in November 1998 with a total gross floor area of approximately 260 sq.m. (2,799 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of one year commencing from 1 May 2000 and expiring on 30 April 2001 at an annual rent of RMB30,000 exclusive of water, electricity and air-conditioning charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contain, inter alia, the following information;
- (i) The property is subject to a lease agreement dated 20 August 2000 made between 符春亮 (Fu Chunliang) ("the owner") and 聊城新奧燃氣有限公司 (Liaocheng Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained leasing permit 房地租證第349號 issued by 聊城市房地產市場交易所 (Liaocheng City Property Market Exchange);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state at as 31 January 2001
26. Portion of Level 1 Yuxin Street, Middle Section of South Road Liaocheng Shandong Province The PRC	<p>The property comprises portion of level 1 in a 2-storey building completed in approximately August 1999. The total floor area is approximately 76 sq.m. (818 sq.ft.).</p> <p>The property is currently subject to a tenancy agreement for a term of 3 year commencing from 25 July 2000 and expiring on 25 July 2003 at an annual rent of RMB12,000 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with a legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to a lease agreement dated 15 August 2000 made between 孫克新 (Shun Ke-Xin) ("the owner") and 聊城新奧燃氣有限公司 (Liaocheng Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained the leasing permit 房地租證第348號 issued by 聊城市房地產市場交易所 (Liaocheng City Property Market Exchange);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

27. Portion of Level 1 74 Dongchang West Road Liaocheng Shandong Province The PRC	<p>The property comprises portion of level 1 in a 6-storey building completed in August 1998 with a total useable floor area of approximately 400 sq.m. (4,306 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of three years commencing from 18 May 1999 and expiring on 17 May 2002 at an annual rent of RMB170,000 exclusive of water, electricity, telecommunication charges.</p>	The property is occupied by the Group as sales office.	No commercial value
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Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to the lease agreement dated 18 May 1999 made between 聊城市建安裝飾工程公司 (Liaocheng City Jian An Decoration Company) ("the owner") and 聊城新奧燃氣有限公司 (Liaocheng Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner has obtained leasing permit 房地租證347號 issued by 聊城市房地產市場交易所 (Liaocheng City Property Market Exchange);
 - (iii) The lease agreement is registered with the relevant government authority and does not violate any PRC laws or regulations. It is valid and legally binding on and enforceable by both parties thereto, the rights and obligations of both parties thereto are protected and governed by PRC laws.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
28. Portion of Level 1 Building 11 Menshi Jia South Main Street Miyun County Beijing Municipality The PRC	<p>The property comprises portion of level 1 in a 5-storey building completed in about 1998 with total floor area of approximately 240 sq.m. (2,583 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of three years commencing from 1 January 2000 at an annual rent of RMB100,000 exclusive of water, electricity and air-conditioning charges.</p>	The property is occupied by the Group as sales office.	No commercial value

Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to a lease agreement dated 1 January 2000 made between 張國增 (Chang Guozheng) ("the owner") and 北京新奧燃氣有限公司 (Beijing Xinao Gas Company Limited) (the "tenant");
 - (ii) The owner does not registered the lease agreement according to the legal requirement. The lease agreement is binding between the parties thereto. However, the owner should register the lease agreement with the relevant government authority and there is no legal impediment for the owner in completing such registration procedure.

29. Portion of Levels 1 & 2 Commercial Service Building Kangju South District Miyun County Beijing Municipality The PRC	<p>The property comprises portion of levels 1 & 2 in a 5-storey building completed in 1998 with a total floor area of approximately 205 sq.m. (2,207 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of three years commencing from 19 October 1999 at an annual rent of RMB65,000 exclusive of water, electricity and air-conditioning charges.</p>	The property is occupied by the Group as sales office.	No commercial value
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Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:
- (i) The property is subject to a lease agreement dated 19 October 1999 made between 張國增 (Mr. Zhang Guozheng) ("the owner") and 北京新奧燃氣有限公司 (Beijing Xinao Gas Co. Ltd.) (the "tenant");
 - (ii) The owner does not registered the lease agreement according to the legal requirement. The lease agreement is binding between the parties thereto. However, the owner should register the lease agreement with the relevant government authority and there is no legal impediment for the owner in completing such registration procedure.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
30. Rooms 201, 301, 401 of Block 4 and Rooms 201, 202, 302 of Block 5 Building No. 6 Kangju South District Miyun County, Beijing Municipality The PRC	<p>The property comprises six residential units in Blocks 4 and 5.</p> <p>The buildings are 6-storey completed in 1998.</p> <p>The total floor area of the units is approximately 387.84 sq.m. (4,175 sq.ft.).</p> <p>The property is currently subject to a lease agreement for a term of 1 year commencing from 11 October 2000 at an annual rent of RMB25,560 exclusive of water, electricity and other charges.</p>	The property is occupied by the Group as staff quarters	No commercial value

Note:

- (1) We have been provided with legal opinion on the property prepared by the Group's legal adviser which contains, inter alia, the following information:-
- (i) The property is subject to a lease agreement dated 11 October 2000 made between 北京新興房地產開發公司第二分公司 (Beijing Xinxin Property Development Head Company) ("the owner") and 北京新奧燃氣總公司 (Beijing Xinao Gas Co. Ltd.) (the "tenant");
 - (ii) The owner does not registered the lease agreement according to the legal requirement. The lease agreement is binding between the parties thereto. However, the owner should register the lease agreement with the relevant government authority and there is no legal impediment for the owner in completing such registration procedure.

Group IV – Property interest leased by the Group in Hong Kong

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
31. Portion of Office Units 4201-4202 42th Floor, Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong	<p>Far East Financial Centre comprises a 44-storey office building erecting over a 3 levels commercial podium plus single level of car-parking basement underneath completed in 1982.</p> <p>The property comprises portion of office units 4201-4202 on 42nd floor with a total usable floor area of approximately 33.5 sq.m. (360 sq.ft.).</p> <p>The property is rented under a lease agreement contract for a term of three years commencing from 1 January 2001 at a monthly rent of HK\$15,000 exclusive of rates, management fees, electricity and water charges.</p>	The property is occupied by the Group as office.	No commercial value

Notes:

- (1) The property is subject to a lease agreement dated 30 December 2000 made between Overseas Way (China) Limited (the “owner”) and Xinao Gas Investment Group Limited, the Company’s wholly-owned subsidiary (the “tenant”).
- (2) According to the lease agreement, the property cannot be sublet to any third party by the tenant.

Group V – Property interests held by the companies to be acquired by the Group in the PRC

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
32. Changping Processing Station Zheng Ba Street Changping County Beijing Municipality The PRC	<p>The property comprises a level site with a site area of approximately 4,359.40 sq.m. (46,925 sq.ft.).</p> <p>Currently erected on the site is a processing station comprising three 1 to 3–storey buildings of brick/concrete construction with a total gross floor area of approximately 1,685 sq.m. (18,137 sq.ft.) scheduled to be completed in 2001.</p> <p>The land use rights of the property are held for an indefinite term and for processing station uses.</p>	According to the information provided by the Group, the property is currently occupied by the Group for administration and manufacturing uses.	No Commercial Value (please see note 7)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 昌國用(1999)字第01-06-1003號 issued by 昌平縣市政管理委員會 (Changping County Urban Administration Committee) on 9 April 1999, the land with a site area of approximately 4,359.40 sq.m. is vested in 昌平縣市政管理委員會 (燃氣站) (Changping County Urban Administration Committee, referred thereafter as “Party A”), for processing station use and the term of land use rights cannot be ascertained.
- (2) Pursuant to the Construction Work Planning Permit (99-昌規建字-033號) issued by 北京市昌平縣規劃管理局 (Beijing City Changping County Planning Committee), the proposed development is permitted to comprise three building blocks with a total gross floor area of approximately 1,685 sq.m.
- (3) Pursuant to three Construction Work Commencement Permits (京建開字99昌第0022, 0023 & 0024號) issued by 昌平縣城鄉建設委員會 (Changping County Urban and Rural Construction Committee) on 9 June 1999, the proposed development is permitted to comprise three building blocks with a total gross floor area of approximately 1,675 sq.m.
- (4) Pursuant to the Articles of Association of 北京新奧京昌燃氣有限公司 (Beijing Xinao Jingchang Gas Company Limited, referred hereinafter as “Party B”) dated 8 November 2000, 新奧集團股份有限公司 (Xinao Group Company Limited, referred hereinafter as “Party C”) and 北京市昌平區市政經濟發展總公司 (Beijing City Changping Urban Economic Development Corporation, referred hereinafter as “Party D”) agreed to establish a PRC joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of the joint venture company : 北京新奧京昌燃氣有限公司 (Beijing Xinao Jingchang Gas Company Limited)
 - (ii) Term of operation : 30 years from 16 November 2000
 - (iii) Registered capital : RMB9,900,000
 - (iv) Proportion of capital contribution : Party C – RMB7,920,000
Party D – RMB1,980,000 (by injection of assets including the property)
- (5) Pursuant to the Business Licence (Registration No.1102211176268(1-1)) issued by 北京市工商行政管理局 (Beijing City State Administration of Industry and Commerce) on 16 November 2000, Party B is incorporated with registered capital of RMB9,900,000 with a term of operation commencing from 16 November 2000 to 15 November 2030.
- (6) Pursuant to the acquisition agreement entered into between Changping BVI and XGCL dated 31 January 2001, XGCL agreed to sell, and Changping BVI agreed to purchase XGCL’s entire interest in Jingchang Xinao on the satisfaction of certain conditions, including Changping BVI is satisfied with the due diligence review on Jingchang Xinao and the approval of the relevant local foreign trade and economic co-operation department.

- (7) Based on the following assumptions, capital value of the property in existing state as at the valuation date is RMB2,700,000 (80% interest to be acquired by the Group: RMB2,160,000):

Assumptions

- (i) The State-owned Land Use Right Certificate has been granted by relevant Land Administration Bureau without any onerous conditions which might affect the land value.
 - (ii) All Consents, approvals and licenses from relevant government authorities for the development have been granted to the Group without any onerous conditions which might affect the property value.
 - (iii) Building Ownership Certificate(s) has(have) been granted by relevant Real Estate Administration Bureau without onerous conditions which might affect the property value.
 - (iv) The property can be freely transferable to local and overseas purchasers in the open market.
- (8) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party B is currently applying for the State-owned Land Use Right Certificate. There is no legal impediment for Party B in obtaining the State-owned Land Use Right Certificate.
 - (ii) Party B is currently applying for the Building Ownership Certificate. There is no legal impediment for Party B in obtaining the Building Ownership Certificate.
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion area as follows:

Articles of Association	Yes
State-owned Land Use Right Certificate	Yes
Business Licence	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permits	Yes
Acquisition Agreement	Yes

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
33. Pinggu Processing Station Xinggu Development Area District 11 Pinggu County Beijing Municipality The PRC	The property comprises a level site with a site area of approximately 13,500.00 sq.m. (145,314 sq.ft.). Currently erected on the site are three single-storey buildings of brick/concrete construction scheduled to be completed in 2001.	The property is currently under construction.	No Commercial Value (please see note 6)

Notes:

- (1) Pursuant to the Land Use Agreement entered into between 平谷縣興谷經濟開發區管理委員會 (Pinggu County Xingu Economic Development Zone Administration Committee, referred hereinafter as "Party A") and 北京新奧京谷燃氣有限公司 (Beijing Xinao Jinggu Gas Company Limited, referred hereinafter as "Party B") on 18 August 2000, Party B agrees to pay Party A RMB1,300,000 as land premium and Party A agrees to pay the land premium to the relevant government authority and arrange for the State-owned Land Use Right Certificate to be issued to Party B for a piece of land with a site area of approximately 13,500.00 sq.m., for a term of 50 years for industrial uses.
- (2) As buildings and structures erected on the property have no sufficient title or documentation proofs, we have excluded those buildings and structures in our valuation.
- (3) Pursuant to the Article of Association dated 22 July 2000, 新奧集團股份有限公司 (Xinao Group Company Limited, referred thereafter as "Party C") and 平谷縣液化石油氣公司 (Beijing City Pinggu County LPG Company, referred hereinafter as "Party D") agreed to establish a PRC joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of the joint venture company : 北京新奧京谷燃氣有限公司
(Beijing Xinao Jinggu Gas Company Limited)
- (ii) Term of operation : 30 years from 11 August 2000
- (iii) Registered capital : RMB9,900,000
- (vi) Proportion of capital contribution : Party C – RMB6,930,000
Party D – RMB2,970,000
- (4) Pursuant to the Business Licence (Registration No.1102261149886(1-1)) issued by 北京市工商行政管理局 (Beijing City State Administration of Industry and Commerce) on 11 August 2000, Party B is incorporated with registered capital of RMB9,900,000 with a term of operation commencing from 10 August 2000 to 9 August 2030.
- (5) Pursuant to the acquisition agreement entered into between Pinggu BVI and XGCL dated 31 January 2001, XGCL agreed to sell, and Pinggu BVI agreed to purchase XGCL's entire interest in Jinggu Xinao on the satisfaction of certain conditions, including Pinggu BVI is satisfied with the due diligence review on Jinggu Xinao and the approval of the relevant local foreign trade and economic co-operation department.
- (6) Based on the following assumptions, capital value of the property in existing state as at the valuation date is RMB1,350,000 (70% interest to be acquired by the Group: RMB945,000):

Assumptions

- (i) The State-owned Land Use Right Certificate has been granted by relevant Land Administration Bureau without any onerous conditions which might affect the land value.
- (ii) All consents, approvals and licenses from relevant government authorities for the development have been granted to the Group without any onerous conditions which might affect the property value.

- (iii) Building Ownership Certificate(s) has(have) been granted by relevant Real Estate Administration Bureau without onerous conditions which might affect the property value.
 - (iv) The property can be freely transferable to local and overseas purchasers in the open market.
- (7) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party B has paid the land premium in the sum of RMB1,300,000 to Party A on 21 August 2000 and 10 January 2001 respectively in accordance with the Land Use Agreement and Party B is currently applying for the State-owned Land Use Right Certificate. There is no legal impediment for Party B in obtaining the State-owned Land Use Right Certificate.
 - (ii) According to a confirmation dated 28 March 2001 issued by 北京市平谷具規劃管理局, Party B is currently applying for the relevant construction work planning permit and construction work commencements permit. Party B should obtain such permits to satisfy the legal requirement.
- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion area as follows:

Article of Association	Yes
Land use Agreement	Yes
Business Licence	Yes
Acquisition Agreement	Yes

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
34. Land and buildings located at 26 Leyuan West District Pinggu County Beijing Municipality The PRC	<p>The property comprises a level site with a site area of approximately 3,685.5 sq.m. (39,671 sq.ft.).</p> <p>Currently erected on the site are three 1 to 2-storey buildings of brick / concrete construction with a total gross floor area of approximately 1,104.40 sq.m. (11,888 sq.ft.) completed in approximately 1989.</p> <p>The land use rights of the property are held for an indefinite term and for public facilities uses.</p>	The property is occupied by 北京新奧京谷燃氣有限公司 (Beijing Xinao Jinggu Gas Company Limited) as administration office.	No Commercial Value (please see note 6)

Notes:

- (1) Pursuant to a State-owned Land Use Right Certificate 京平國用(2000劃)字第1083號 issued by 平谷縣土地管理局 (Pinggu County State Land Administration Bureau) on 7 August 2000, the land with a site area of approximately 3,685.5 sq.m. is vested in 平谷縣液化石油氣公司 (Pinggu County LPG Company, referred thereafter as "Party A"), for public facilities uses. The aforesaid land is allocated land.
- (2) Pursuant to the Building Ownership Certificate 平全字第00281號 issued by 平谷縣房地產管理局 (Pinggu County Real Estate Administration Bureau) on 30 November 1989 which included 12 buildings having a total gross floor area of 1,963 sq.m.. However at the date of our inspection only 3 building remains erected on the site and the title to these three buildings with a total gross floor area of approximately 1,104.4 sq.m. is vested in Party A.
- (3) Pursuant to the Article of Association dated 22 July 2000, 新奧集團股份有限公司 (Xinao Group Company Limited referred thereafter as "Party B") and Party A agreed to establish a PRC joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of the joint venture company : 北京新奧京谷燃氣有限公司 (Beijing Xinao Jinggu Gas Company Limited)
 - (ii) Term of operation : 30 years from 11 August 2000
 - (iii) Registered capital : RMB9,900,000
 - (vi) Proportion of capital contribution : Party B – RMB6,930,000
Party A – RMB2,970,000 (by injection of assets including the Property)
- (4) Pursuant to the Business Licence (Registration No.1102261149886(1-1)) issued by 北京市工商行政管理局 (Beijing City State Administration of Industry and Commerce) on 11 August 2000, 北京新奧京谷燃氣有限公司 (Beijing Municipality Xinao Jinggu Gas Company Limited) is incorporated with registered capital of RMB9,900,000 with a term of operation commencing from 10 August 2000 to 9 August 2030.
- (5) Pursuant to the acquisition agreement entered into between Pinggu BVI and XGCL dated 31 January 2001, XGCL agreed to sell, and Pinggu BVI agreed to purchase XGCL's entire interest in Jinggu Xinao on the satisfaction of certain conditions, including Pinggu BVI is satisfied with the due diligence review on Jinggu Xinao and the approval of the relevant local foreign trade and economic co-operation department.
- (6) Based on the following assumptions, capital value of the property in existing state as at the valuation date is RMB1,500,000 (70% interest to be acquired by the Group: RMB1,050,000):

Assumptions

- (i) The State-owned Land Use Right Certificate has been granted by relevant Land Administration Bureau without any onerous conditions which might affect the land value.
- (ii) All consents, approvals and licenses from relevant government authorities for the development have been granted to the Group without any onerous conditions which might affect the property value.

- (iii) Building Ownership Certificate(s) has(have) been granted by relevant Real Estate Administration Bureau without onerous conditions which might affect the property value.
- (iv) The property can be freely transferable to local and overseas purchasers in the open market.
- (7) We have been provided with legal opinion on the title to the property issued by the Group’s legal advisers on PRC law, which contains, inter alia, the following information:
 - (i) The aforesaid land is allocated land, Party A shall pay the land premium and arrange for the land use rights of such land to be vested in Party B. Party B is now applying for the State-owned Land Use Right Certificate. There is no legal impediment for Party B in obtaining the State-owned Land Use Right Certificate.
 - (ii) Party B is currently applying for the Building Ownership Certificate. There is no legal impediment for Party B in obtaining the Building Ownership Certificate.
- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion area as follows:

Joint Venture Contract	Yes
Sate-owned Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes
Article of Association	Yes
Acquisition Agreement	Yes

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
35. Qingdao Processing Station West of Changbeishan Road and North of Jialingjiang Road Qingdao Shandong Province The PRC	<p>The property comprises a level site with a site area of approximately 2,807.90 sq.m. (30,224 sq.ft.).</p> <p>Currently erected on the site are two single-storey buildings of brick/concrete construction scheduled to be completed in 2001.</p> <p>The land use rights of the property are held for a term expiring on 18 March 2047 for industrial uses.</p>	The property is currently under construction.	No Commercial Value (please see note 6)

Notes:

- (1) Pursuant to a State-owned Land Use Right Certificate 黃國用(1998)字第0287號 issued by 青島經濟技術開發區規劃土地局(Qingdao Economic and Technology Development Zone Planning and Land Bureau) on 6 November 1998, the land with a site area of approximately 2,807.90 sq.m. is vested in 青島經濟技術開發區液化氣公司(Qingdao Economic and Technology Development Zone LPG Company, referred hereafter as “Party A”), for a term expiring on 18 March 2047 for industrial uses.
- (2) As buildings and structures erected on the property have no sufficient title or documentation proofs, we have excluded those buildings and structures in our valuation.
- (3) Pursuant to the Article of Association dated 18 October 2000, 新奧集團股份有限公司 (referred thereafter as “Party B”) and 青島經濟技術開發區熱電燃氣總公司 (referred thereafter as “Party C”) agreed to establish a PRC joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of the joint venture company : 青島新奧燃氣有限公司
(Qingdao Xinao Gas Company Limited)
 - (ii) Registered capital : RMB20,000,000
 - (iii) Proportion of capital contribution : Party B – RMB18,000,000
Party C – RMB2,000,000 by injection of assets, including the property
- (4) Pursuant to the Business Licence (Registration No.3702111801764) issued by 青島市工商行政管理局 on 30 October 2000, 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) is incorporated with registered capital of RMB20,000,000 with a term of operation commencing from 30 October 2000.
- (5) Pursuant to the acquisition agreement entered into between Huangdao BVI and XGCL dated 31 January 2001, XGCL agreed to sell, and Huangdao BVI agreed to purchase XGCL’s entire interest in Qingdao Xinao on the satisfaction of certain conditions, including Huangdao BVI is satisfied with the due diligence review on Qingdao Xinao and the approval of the relevant local foreign trade and economic co-operation department.
- (6) Based on the following assumptions, capital value of the property in existing state as at the valuation date is RMB340,000 (90% interest to be acquired by the Group: RMB306,000):

Assumptions

- (i) The State-owned Land Use Right Certificate has been granted by relevant Land Administration Bureau without any onerous conditions which might affect the land value;
- (ii) All consents, approvals and licenses from relevant government authorities for the development have been granted to the Group without any onerous conditions which might affect the property value;
- (iii) Building Ownership Certificate(s) has(have) been granted by relevant Real Estate Administration Bureau without onerous conditions which might affect the property value;
- (iv) The property can be freely transferable to local and overseas purchasers in the open market.

- (7) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:
- (i) Party B is currently applying for the State-owned Land Use Right Certificate. There is no legal impediment for Party B in obtaining the State-owned Land Use Right Certificate.
 - (ii) The construction works on the property have not completed the requisite construction work planning and commencement procedures. Party B should obtain the relevant construction work planning permit and construction work commencement permit.
- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion area as follows:

Joint Venture Contract	Yes
State-owned Land Use Right Certificate	Yes
Business Licence	Yes
Article of Association	Yes
Acquisition Agreement	Yes

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
36. A parcel of land located at North of Jialingjiang Road West of Changbeishan Road Qingdao Shandong Province The PRC	The property comprises a plot of level site with an area of approximately 2,164 sq.m. (23,293 sq.ft.) located at North of Jialingjiang Road and West of Changbeishan Road amid the eastern portion of Qingdao.	The property is currently a vacant site.	No commercial value (90% interest to be acquired by the Group: No commercial value)

Notes:

- (1) Pursuant to the Construction and Land Use Planning Permission Certificate 建設用地規劃許可證99年第13號 issued by 青島經濟技術開發區規劃土地局 (Qingdao Economic and Technical Development Zone Planning and Land Bureau) to 青島經濟技術開發區熱電燃氣總公司 (referred hereinafter to as “Party A”) on August 1999, Party A is permitted to use the land with a total site area of approximately 2,164 sq.m. to construct a pipeline gas station.
- (2) Pursuant to a notice issued by 青島經濟技術開發區規劃土地局(Qingdao Economic and Technical Development Zone Planning and Land Bureau) the transfer procedure of the land use rights of the aforesaid land is in progress.
- (3) Pursuant to the Article of Association dated 18 October 2000, 新奧集團股份有限公司 (referred thereafter as “Party B”) and Party A agreed to establish a PRC joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
- (i) Name of the joint venture company : 青島新奧燃氣有限公司
(Qingdao Xinao Gas Company Limited)
- (ii) Registered capital : RMB20,000,000
- (iii) Proportion of capital contribution : Party B – RMB18,000,000
Party C – RMB2,000,000 by injection of assets, including the property
- (4) Pursuant to the Business Licence (Registration No.3702111801764) issued by 青島市工商行政管理局 on 30 October 2000, 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) is incorporated with registered capital of RMB20,000,000 with a term of operation commencing from 30 October 2000.
- (5) Pursuant to the acquisition agreement entered into between Huangdao BVI and XGCL dated 31 January 2001, XGCL agreed to sell, and Huangdao BVI agreed to purchase XGCL’s entire interest in Qingdao Xinao on the satisfaction of certain conditions, including Huangdao BVI is satisfied with the due diligence review on Qingdao Xinao and the approval of the relevant local foreign trade and economic co-operation department.
- (6) We have been provided with legal opinion on the title to the property issued by the Group’s legal advisers on PRC law, which contains, inter alia, the following information:
- According to a confirmation issued by 青島經濟技術開發區規劃土地局 (Qingdao Economic and Technical Development Zone Planning and Land Bureau), 青島新奧燃氣有限公司 is now applying for the grant of the land use right certificate of the aforesaid land. Upon payment of the land premium, there is no legal impediment for 青島新奧燃氣有限公司 in obtaining the land use right certificate.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
- (i) Joint Venture Contract Yes
- (ii) Construction Land Use Planning Permission Certificate Yes
- (iii) Article of Association Yes
- (iv) Acquisition Agreement Yes

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
37. A parcel of land located at Tunjie Road Qingdao Shandong Province The PRC	The property comprises a plot of level site with an area of approximately 17,089 sq.m. (183,946 sq.ft.) located at Tunjie Road amid the eastern portion of Qingdao.	The property is currently a vacant site.	No commercial value (90% interest to be acquired by the Group: No commercial value)

Notes:

- (1) Pursuant to the Construction and Land Use Planning Permission Certificate 建設用地規劃許可證 2000121 號 issued by 青島經濟技術開發區規劃土地局 (Qingdao Economic and Technical Development Zone Planning and Land Bureau) to 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited, referred hereinafter to as "Party A") on 6 March 2000, Party A is permitted to use the land with a total site area of approximately 17,089 sq.m. for construction of urban public facilities purpose.
- (2) Pursuant to a notice issued by 青島經濟技術開發區規劃土地局 (Qingdao Economic and Technical Development Zone Planning and Land Bureau), the land grant procedure of the aforesaid land is in progress.
- (3) Pursuant to the Article of Association dated 18 October 2000, 新奧集團股份有限公司 (referred thereafter as "Party B") and 青島經濟技術開發區熱電燃氣總公司 (referred thereafter as "Party C") agreed to establish a PRC joint venture company. The major terms stipulated in the contract, inter alia, are stated below:
 - (i) Name of the joint venture company : 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited)
 - (ii) Registered capital : RMB20,000,000
 - (iii) Proportion of capital contribution : Party B – RMB18,000,000
Party C – RMB2,000,000 by injection of assets, including the property
- (4) Pursuant to the Business Licence (Registration No.3702111801764) issued by 青島市工商行政管理局 on 30 October 2000, 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) is incorporated with registered capital of RMB20,000,000 with a term of operation commencing from 30 October 2000.
- (5) Pursuant to the acquisition agreement entered into between Huangdao BVI and XGCL dated 31 January 2001, XGCL agreed to sell, and Huangdao BVI agreed to purchase XGCL's entire interest in Qingdao Xinao on the satisfaction of certain conditions, including Huangdao BVI is satisfied with the due diligence review on Qingdao Xinao and the approval of the relevant local foreign trade and economic co-operation department.
- (6) We have been provided with legal opinion on the title to the property issued by the Group's legal advisers on PRC law, which contains, inter alia, the following information:

According to a confirmation issued by 青島經濟技術開發區規劃土地局 (Qingdao Economic and Technical Development Zone Planning and Land Bureau), Party A is now applying for the grant of the land use right certificate of the aforesaid land. There is no legal impediment for Party A in obtaining the land use right certificate.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:
 - (i) Joint Venture Contract Yes
 - (ii) Construction Land Use Planning Permission Certificate Yes
 - (iii) Article of Association Yes
 - (iv) Acquisition Agreement Yes

Group VI – Property interests leased by the companies to be acquired by the Group in the PRC

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
38. Level 16 Hualin Building Qingdao Shandong Province The PRC	<p>The property comprises the whole floor of level 16 in a 19 storey office building completed in 1998.</p> <p>The gross floor area of the property is not specified in the tenancy agreement.</p> <p>The property is held under a lease agreement for a term of 3 years commencing from 23 November 2000 at a monthly rental of RMB140,000 in the first year, RMB150,000 in the second year and RMB150,000 in the third year, all inclusive of service charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following informations:–
- (i) The property is subject to a lease agreement dated 23 November 2000 made between 中國建築土木工程公司路橋分公司 (China Construction Civil Engineering Company – Road and Bridge) (the "Landlord") and 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) ("the Tenant");
 - (ii) No building ownership certificate of the landlord and leasing permit is provided. The format and the terms of lease agreement complies with PRC laws. If the Landlord has the building ownership right of the property, the Landlord should have the right to lease the property and the lease agreement will be binding between the parties thereto. The Landlord should arrange for the lease agreement to be registered with the relevant government authority.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
39. Rooms 101 and 102 Building No. 9 Group A Tangdao Bay Qingdao Shandong Province The PRC	<p>The property comprises two units in a 2 storey building completed in 1996.</p> <p>The total gross floor area of the property is 236.00 sq.m. (2,540 sq. ft.) or thereabouts.</p> <p>The property is held under a lease agreement for a term of 3 years commencing from 18 October 2000 at a monthly rent of RMB2,000 exclusive of service charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following informations:-
- (i) The property is subject to a lease agreement dated 18 October 2000 made between 侯香霞 (Hou Xin-xia) (the "Landlord") and 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) ("the tenant");
- (ii) No building ownership certificate of the landlord and leasing permit is provided. The format and the terms of lease agreement complies with PRC laws. If the Landlord has the building ownership right of the property, the Landlord should have the right to lease the property and the lease agreement will be binding between the parties thereto. The Landlord should arrange for the lease agreement to be registered with the relevant government authority.

40. A unit at 8-1 Xiangjiang Road Developing District Qingdao Shandong Province The PRC	<p>The property comprises a unit in a single storey building completed in 1999.</p> <p>The total gross floor area of the property is 145.36 sq.m. (1,565 sq.ft.) or thereabouts.</p> <p>The property is held under a lease agreement for a term of 2 years commencing from 1 November 2000 at an annual rent of RMB75,000 for the 1st year and the rent of 2nd year is subject to both parties agreement exclusive of service charges.</p>	The property is occupied by the Group as office.	No commercial value
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Note:

- (1) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following informations:-
- (i) The property is subject to a lease agreement dated 31 October 2000 made between 張新華 (Zhang Xinhua) (the "Landlord") and 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) ("the tenant");
- (ii) No building ownership certificate of the landlord and leasing permit is provided. The format and the terms of lease agreement complies with PRC laws. If the Landlord has the building ownership right of the property, the Landlord should have the right to lease the property and the lease agreement will be binding between the parties thereto. The Landlord should arrange for the lease agreement to be registered with the relevant government authority.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
41. Room 101 at West Block of Building No. 26 Zijinshan Estate Qingdao Shandong Province The PRC	<p>The property comprises a unit in a 6 storey composite building completed in 1999.</p> <p>The total gross floor area of the property is 120.35 sq.m. (1,295 sq.ft.) or thereabouts.</p> <p>The property is held under a lease agreement for a term of 3 years commencing from 18 October 2000 at a monthly rent of RMB1,000 exclusive of service charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following informations:—
- (i) The property is subject to a lease agreement dated 15 October 2000 made between 尤世瑞 (You Shi-ru) as authorised agent of 修兆彩 (Xiu Zhao-chai, the "Landlord") pursuant to an authorisation letter dated 15 October 2000 and 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) ("the tenant");
- (ii) The Landlord has the right to lease the property. However, the Landlord shall register the lease agreement with the relevant government authority according to the legal requirement. The lease agreement is binding between the parties thereto. There is no legal impediment for the Landlord to register the lease agreement.

42. West Wing of Level 2 Building No. 3 Quanting Estate Qingdao Shandong Province The PRC	<p>The property comprises a unit in a 5 storey composite building completed in 1999.</p> <p>The total gross floor area of the property is 105.00 sq.m. (1,130 sq.ft.) or thereabouts.</p> <p>The property is held under a lease agreement for a term commencing from 4 January 2001 and expiring on 4 January 2003 at a half year rent of RMB3,000 exclusive of service charges.</p>	The property is occupied by the Group as office.	No commercial value
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Note:

- (1) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following informations:—
- (i) The property is subject to a lease agreement dated 3 January 2001 made between 鄭淑華 (Zheng Shu-hua) as authorised agent of 高祀河 (Gao Ji-he, the "Landlord") pursuant to an authorisation letter dated 1 March 2001 and 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) ("the tenant");
- (ii) The Landlord has the right to lease the property. However, the Landlord shall register the lease agreement with the relevant government authority according to the legal requirement. The lease agreement is binding between the parties thereto. There is no legal impediment for the Landlord to register the lease agreement.

Property	Description and Tenancy Particulars	Particulars of Occupancy	Capital value in existing state as at 31 January 2001
43. Room 603 at Building No. 20 Zijinshan Estate Developing District Qingdao Shandong Province The PRC	<p>The property comprises a unit in a 6 storey residential building completed in 2000.</p> <p>The total gross floor area of the property is 109.00 sq.m. (1,173 sq.ft.) or thereabouts.</p> <p>The property is held under a lease agreement for a term of 1 year commencing from 1 November 2000 at an annual rent of RMB6,000 exclusive of service charges.</p>	The property is occupied by the Group as office.	No commercial value

Note:

- (1) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, inter alia, the following informations:-
- (i) The property is subject to a lease agreement dated 10 November 2000 made between 秦景平 (Qin Jing-ping) (the "Landlord") and 青島新奧燃氣有限公司 (Qingdao Xinao Gas Company Limited) ("the Tenant");
 - (ii) The Landlord has mortgaged the property to a mortgage to secure mortgage loan. No mortgage document is provided for verification. If the mortgage document imposes restriction on leasing of the property, the Landlord shall obtain the mortgagee's consent before leasing the property. If no such restriction is imposed by the mortgage document, the landlord shall have the right to lease the property to the tenant but the Landlord shall register the lease agreement with the relevant government authority.