

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with their valuations as at 30 September 2004 of the property interests of the Group.*



30 November 2004

The Directors  
Texhong Textile Group Limited  
Room 2532-2536  
25th Floor,  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai  
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by China Texhong Group Limited (the “Company”) and its subsidiaries (together “the Group”) 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 the property interests in existing state as at 30 September 2004.

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

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

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

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

In the course of our valuation of the property interests in the PRC, we have assumed that transferable land use rights in respect of the property interests for a specific term at nominal annual land use fees have been granted and that any premium payable have already been fully paid. We have assumed that the grantees of the property interests have free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term as granted. We have relied on the advice given by the Group and its legal adviser on the PRC law, Jun He Law Offices, regarding the title to each of the property interests and the interests of the Group in the properties.

In valuing the property interests in Group I which are held by the Group in the PRC, we have valued the property interests by Depreciated Replacement Costs (“DRC”) Approach. The DRC Approach requires an estimate of the open market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures, from which deductions are made to allow for the age, condition and functional obsolescence. This value is subject the adequate potential profitability of the undertaking.

The property interests in Group II and III, which are leased in Hong Kong and in the PRC respectively, are valued as having no commercial value due to prohibition against transfer or sub-letting or lack of substantial profit rent.

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

We have been provided with extracts of the title documents relating to the property interests in the PRC. However, we have not searched the original documents to ascertain ownership or to verify any amendments which may not appear on the copies handed to us. We have therefore relied to a very consideration extent on the information given to us by the Group and its legal advisors and have accepted advice given to us on such matters as statutory notices, easements, tenure, identification of properties, particulars of occupancy, construction costs, completion date of buildings, site and floor areas, number of parking spaces and all other relevant matters.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services. We have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the floor areas shown on the copies of documents handed to us are correct.

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

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

Our valuations are summarised below and the valuation certificates are attached.

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

*Note:* Mr. Andrew K. F. Chan is a Registered Professional Surveyor with 17 years of experience in the property valuation in Hong Kong and in the PRC.

## SUMMARY OF VALUATION

Property	Capital value in existing state as at 30 September 2004 <i>RMB</i>	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 30 September 2004 <i>RMB</i>
<b>Group I – Property interests held by the Group in the PRC</b>			
1. No. 105 Middle Liberation Road, Feng County, Xuzhou City, Jiangsu Province	26,450,000	100	26,450,000
2. No. 33 Fuqian West Street, Suining County, Xuzhou City, Jiangsu Province	43,500,000	100	43,500,000
3. No. 22 Baisui Lane, Taizhou City, Jiangsu Province	19,060,000	100	19,060,000
4. No. 33 Tianhong Road, High-tech Economic Development Zone, Taizhou City, Jiangsu Province	70,600,000	100	70,600,000
5. No. 2 Jianghai West Road, Shuangdian Town, Nantong City, Jiangsu Province	29,600,000	100	29,600,000
6. Renming East Road, Puyan Town, Pujiang County, Jinhua City, Zhejiang Province	20,330,000	100	20,330,000
		Sub-total:	<u>209,540,000</u>

Property	Capital value in existing state as at 30 September 2004 <i>RMB</i>	Interest attributable to the Group 30 September 2004 %	Capital value in existing state attributable to the Group as at 30 September 2004 <i>RMB</i>
<b>Group II – Property interest leased by the Group in Hong Kong</b>			
7. Room 2532-2536, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai			No commercial value
<b>Group III – Property interests leased by the Group in the PRC</b>			
8. An industrial complex at 104 National Highway (North), Taoyuan Town, Suining Town, Xuzhou City, Jiangsu Province			No commercial value
9. Portion of an industrial building situated at No. 18 Chengzha Road, Nantong City, Jiangsu Province			No commercial value
10. No. 2 Jianghai West Road, ShuangdianTown, Nantong City, Jiangsu Province			No commercial value
11. Units 4B and 4C on Level 4, Tianhong Building, No. 80 Xianxia Road, Shanghai			No commercial value
12. Unit 1708 on Level 17, Times Center Building, No. 159 Zhongshan Road, Wuxi City, Jiangsu Province			No commercial value
	Sub-total:		No commercial value
	Grand Total:		<u>209,540,000</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 30 September 2004
1. No. 105 Middle Liberation Road, Feng County Xuzhou City, Jiangsu Province (江蘇省徐州市豐縣解放中路105號)	<p>The property comprises an industrial complex erected upon a plot of land with a roughly oblong-shape having a site area of approximately 59,308.90 sq.m. (638,401 sq.ft.).</p> <p>The industrial complex comprises 34 blocks of building including two industrial buildings, one office building, two warehouses and other ancillary buildings with a total gross floor area of approximately 36,099.34 sq.m. (388,573 sq.ft.) completed from 1950 to 2003.</p> <p>The land use rights of the property have been granted for a term of 50 years from 3 June 2004 to 2 June 2054 for industrial use.</p>	The property is currently owner-occupied for industrial, office, warehouse and ancillary uses.	RMB26,450,000

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2004) 213 issued by Feng County Land Resources Bureau (豐縣國土資源局) dated 3 June 2004, the land use rights of the property, comprising a site area of 59,308.90 sq.m., have been granted to Xuzhou Texhong Yinfeng Textile Co., Ltd. (徐州天虹銀豐紡織有限公司) for a term of 50 years from 3 June 2004 to 2 June 2054 for industrial use.
- (2) According to Certificate for Building Ownership Nos. 292, 293, 294, 295, 296, 297 and 298 all issued by Feng County Housing Title Registration Office (豐縣房屋管理局) on 8 July 2004, the building ownership of the property, comprising a total of 34 blocks of building with a total gross floor area of 36,099.30 sq.m., has been vested in Xuzhou Texhong Yinfeng Textile Co., Ltd. (徐州天虹銀豐紡織有限公司).
- (3) According to Grant Contract for Land Use Rights No. 213 entered into between Feng County Land Resources Bureau (豐縣國土資源局) (Party A) and Xuzhou Texhong Yinfeng Textile Co., Ltd. (徐州天虹銀豐紡織有限公司) (Party B) on 3 June 2004, the land use rights of the property, comprising a site area of 59,308.90 sq.m., have been granted to Party B for a term of 50 years for industrial use. The land premium was RMB13,344,500.
- (4) According to Business Licence No. 001380 dated 1 September 2004, Xuzhou Texhong Yinfeng Textile Co., Ltd. (徐州天虹銀豐紡織有限公司) was established as a company with a registered capital of USD2,100,000, and has a valid operation period from 30 April 2004 to 29 April 2014.
- (5) According to the PRC legal opinion:
  - (i) The property is located at No. 105 Middle Liberation Road, Feng County, Xuzhou City, Jiangsu Province, which comprises a site area of approximately 59,308.90 sq.m.;

- (ii) Xuzhou Texhong Yinfeng Textile Co., Ltd. (徐州天虹紡織有限公司) has obtained the land use rights and buildings ownership of the property. The land use rights of the property have been granted for a term of 50 years from 3 June 2004 to 2 June 2054 for industrial use. The property has a total gross floor area of approximately 36,099.34 sq.m.;
- (iii) Xuzhou Texhong Yinfeng Textile Co., Ltd. has duly settled all of the land premium and land grant fee of the property with RMB13,344,500;
- (iv) Xuzhou Texhong Yinfeng Textile Co., Ltd. is entitled to transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government; and
- (v) With regard to the property, there is no detection of any acceptances, encumbrances, mortgages, pre-emption of third party, liens, any other third party interests or any agreement responsible for the above-mentioned conditions. There is no detection of any lawsuit or arbitration involved in the property or any parts of the property.
- (6) We have relied on the aforesaid legal opinion and prepared our valuation on the following basis:
- (i) Xuzhou Texhong Yinfeng Textile Co., Ltd is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
- (ii) all land premium and other costs of ancillary utilities services have been settled in full;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
- (iv) the property may be disposed of freely to the purchasers.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:
- |   |     |
|---|-----|
| Certificate for the Use of State-owned Land Ownership | Yes |
| Certificates for the Building Ownership               | Yes |
| Grant Contract of Land Use Rights                     | Yes |
| Planning Permits for Construction Works               | N/A |
| Business Licence                                      | Yes |

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2004
2. No. 33 Fuqian West Street, Suining County, Xuzhou City, Jiangsu Province (江蘇省徐州市睢寧縣府前西街33號)	<p>The property comprises an industrial complex erected upon a plot of land with a roughly oblong-shape having a site area of approximately 85,739.70 sq.m. (922,902 sq.ft.).</p> <p>The industrial complex comprises 39 blocks of building with a total gross floor area of approximately 61,953.19 sq.m. (666,864 sq.ft.) completed from 1958 to 2000.</p> <p>The land use rights of the property have been granted for a term of 50 years from 29 July 2000 to 28 July 2050 for industrial use.</p>	The property is currently owner-occupied for industrial, warehouse and other ancillary uses.	RMB43,500,000

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2000) 0196 issued by Suining County Land Resources Bureau (睢寧縣國土管理局) dated 28 July 2000, the land use rights of the property, comprising a site area of 85,739.70 sq.m., have been granted to Jiangsu Century Texhong Textile Co., Ltd. (江蘇世紀天虹紡織有限公司) for a term of 50 years from 29 July 2000 to 28 July 2050 for industrial use.
- (2) According to Certificates for Building Ownership all dated 16 June 2004 and issued by Suining Real Estate Administration Bureau (睢寧縣房產管理局), the building ownership of the property has been vested in Jiangsu Century Texhong Textile Co., Ltd as follows:

Certificate No.	Number of Block	No. of Storey	Total Gross Floor Area (sq.m.)
A-05-0131	9	1	7,672.19
A-05-0132	5	1	1,848.00
A-05-0133	5	1	2,480.00
A-05-0134	5	1	972.00
A-05-0135	5	1-4	25,764.00
A-05-0136	5	1	19,793.00
A-05-0137	5	1	3,424.00
Grand Total:	39		<u>61,953.19</u>

- (3) According to Grant Contract for Land Use Rights (2003) 03 entered into between Suining County Land Resources Bureau (睢寧縣國土管理局) (Party A) and Jiangsu Century Texhong Textile Co., Ltd. (江蘇新天紡織有限公司) (Party B) on 27 July 2000, the land use rights of property, comprising a site area of 85,739.70 sq.m. have been granted to Party B for a term of 50 years for industrial use. The land premium was RMB14,147,050.
- (4) According to Business Licence No. 801012 dated 22 November 2004, Jiangsu Century Texhong Textile Co., Ltd. (江蘇世紀天虹紡織有限公司) was established as a company with a registered capital of USD2,100,000, and has a valid operation period from 6 June 2000 to 6 June 2015.



- (5) According to the PRC legal opinion:
- (i) The property is located at No. 33 Fuqian West Street, Suining County, Xuzhou City, Jiangsu Province, which comprises a site area of approximately 85,739.70 sq.m.;
  - (ii) Jiangsu Century Texhong Textile Co., Ltd. (江蘇世紀天虹紡織有限公司) has obtained the land use rights and buildings ownership of the property. The land use rights of the property have been granted for a term of 50 years from 29 July 2000 to 28 July 2050 for industrial use. The property has a total gross floor area of approximately 61,953.19 sq.m.;
  - (iii) Jiangsu Century Texhong Textile Co., Ltd. has duly settled all of the land premium and land grant fee of the property with RMB14,147,050;
  - (iv) Jiangsu Century Texhong Textile Co., Ltd is entitled to transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government; and
  - (v) With regard to the property, there is no detection of any acceptances, encumbrances, mortgages, pre-emption of third party, liens, any other third party interests or any agreement responsible for the above-mentioned conditions. There is no detection of any lawsuit or arbitration involved in the property or any parts of the property.
- (6) We have relied on the aforesaid legal opinion and prepared our valuation on the following basis:
- (i) Jiangsu Century Texhong Textile Co., Ltd is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
  - (ii) all land premium and other costs of ancillary utilities services have been settled in full;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - (iv) the property may be disposed of freely to the purchasers.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:
- |   |     |
|---|-----|
| Certificate for the Use of State-owned Land | Yes |
| Certificates for the Building Ownership     | Yes |
| Grant Contract of Land Use Rights           | Yes |
| Planning Permits for Construction Works     | N/A |
| Business Licence                            | Yes |

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2004
3. No. 22 Baisui Lane, Taizhou City, Jiangsu Province (江蘇省泰州市 百歲巷22號)	<p>The property comprises an industrial complex erected upon a plot of land with a roughly oblong-shape having a site area of approximately 23,005.20 sq.m. (247,628 sq.ft.).</p> <p>The industrial complex comprises 58 blocks of building with a total gross floor area of approximately 25,435.26 sq.m. (273,785 sq.ft.) completed from 1978 to 1987.</p> <p>The land use rights of the property have been granted for a term of 50 years from 14 December 2000 to 13 December 2050 for industrial use.</p>	The property is currently owner-occupied for industrial, warehouse and ancillary uses.	RMB19,060,000

## Notes:

- (1) According to Certificate for the Use of State-owned Land (2000) 0554 issued by Taizhou Land Resources Bureau (泰州市國土資源局) dated 14 December 2000, the land use rights of the property, comprising a site area of 23,005.20 sq.m., have been granted to Taizhou Texhong Weaving Co., Ltd. (泰州天虹織造有限公司) for a term of 50 years from 14 December 2000 to 13 December 2050 for industrial use.
- (2) According to Certificates for Building Ownership all dated 15 December 2000 and issued by Taizhou Economic Development Zone Real Estate Administration Bureau (泰州經濟開發區房產管理局), the building ownership of the property have been vested in Taizhou Texhong Textile Co., Ltd as follows:

Certificate No.	Number of Block	No. of Storey	Total Gross Floor Area (sq.m.)
60000006	11	1	4,349.00
60000007	14	1-5	4,565.24
60000008	6	1-3	2,723.76
60000009	5	2-4	7,487.99
60000010	10	1-2	5,203.66
60000011	7	1	909.72
60000012	4	1-2	195.89
Grand Total:	<u>57</u>		<u>25,435.26</u>

- (3) According to Grant Contract for Land Use Rights entered into between Taizhou Land Resources Bureau (泰州市國土資源局) (Party A) and Taizhou Texhong Weaving Co., Ltd. (泰州天虹織造有限公司) (Party B) on 28 November 2000, the land use rights of property, comprising a site area of 23,005.2 sq.m., have been granted to Taizhou Texhong Weaving Co., Ltd. for a term of 50 years for industrial use. The land premium was RMB8,913,134.69.
- (4) According to Business Licence No. 000643 dated 7 September 2004, Taizhou Texhong Weaving Co., Ltd. (泰州天虹織造有限公司) was established as a company with a registered capital of USD2,100,000, and has a valid operation period from 15 November 2000 to 14 November 2015.

- (5) According to the PRC legal opinion:
- (i) The property is located at No. 22 Baisui Lane, Taizhou City, Jiangsu Province, which comprises a site area of approximately 23,005.20 sq.m.;
  - (ii) Taizhou Texhong Weaving Co., Ltd. (泰州天虹織造有限公司) has obtained the land use rights and buildings ownership of the property. The land use rights of the property have been granted for a term of 50 years from 14 December 2000 to 13 December 2050 for industrial use. The property has a total gross floor area of approximately 25,435.26 sq.m.;
  - (iii) Taizhou Texhong Weaving Co., Ltd. has duly settled all of the land premium and land grant fee of the property with RMB8,913,134.69;
  - (iv) The property is subject to mortgage in favour of Bank of Communications Taizhou Branch with the latest expiry date on 24 December 2005 for a loan of RMB12,000,000. Prior written consent shall be obtained from the mortgagee bank before Taizhou Texhong Weaving Co., Ltd. transfers or disposes of the property by any other means.
  - (v) Subject to the terms of the mortgage, Taizhou Texhong Weaving Co., Ltd is entitled to transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government; and
  - (vi) With regard to the property, except for the above-mentioned conditions, there is no other detection of any acceptances, encumbrances, mortgages, pre-emption of third party, liens, any other third party interests or any agreement responsible for the above-mentioned conditions. There is no detection of any lawsuit or arbitration involved in the property or any parts of the property.
- (6) We have relied on the aforesaid legal opinion and prepared our valuation on the following basis:
- (i) Taizhou Texhong Weaving Co., Ltd is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
  - (ii) all land premium and other costs of ancillary utilities services have been settled in full;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - (iv) the property may be disposed of freely to the purchasers.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Certificate for the Use State-owned Land Ownership	Yes
Certificates for the Building Ownership	Yes
Grant Contract of Land Use Rights	Yes
Planning Permits for Construction Works	N/A
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2004
4. No. 33 Tianhong Road, High-tech Economic Development Zone, Taizhou City, Jiangsu Province (江蘇省泰州市經濟開發區天虹路33號)	<p>The property comprises an industrial complex erected upon a plot of land with a roughly polygon-shape having a total site area of approximately 151,599.40 sq.m. (1,631,816 sq.ft.).</p> <p>The industrial complex comprises 11 blocks of building with a total building area of approximately 28,434.15 sq.m. (306,065 sq.ft.) completed in 2003 and 2004.</p> <p>The land use rights of the property have been granted for a term of 50 years from 20 July 2002 to 19 July 2052 for industrial use.</p>	The property is currently owner-occupied for industrial, dormitory, warehouse and ancillary uses. The remaining portion of the land is currently vacant.	RMB70,600,000

*Notes:*

- (1) According to Certificate for the Use of State-owned Land No. (2004) 0438 issued by Taizhou Land Resources Bureau (泰州市國土資源局) dated 30 July 2004, the land use rights of the property, comprising a site area of 151,599.40 sq.m., have been granted to Taizhou Century Texhong Textile Co., Ltd. (泰州世紀天虹紡織有限公司) for a term a term of 50 years until on 19 July 2052 for industrial use.
- (2) According to Certificate for Building Ownership No. 0002627 issued by Taizhou Economic Development Zone Real Estate Administration Bureau (泰州經濟開發區房產管理局) on 8 July 2004, the building ownership of the property, comprising a total gross floor area of 24,889.30 sq.m., has been vested in Taizhou Century Texhong Textile Co., Ltd. (泰州世紀天虹紡織有限公司).  
  
According to Certificate for Building Ownership No. 0002655 issued by Taizhou Economic Development Zone Real Estate Administration Bureau (泰州經濟開發區房產管理局) on 5 August 2004, the building ownership of the property, comprising a total gross floor area of 3,544.85 sq.m., has been vested in Taizhou Century Texhong Textile Co., Ltd. (泰州世紀天虹紡織有限公司).
- (3) According to Grant Contract for Land Use Rights entered into between Taizhou Land Resources Bureau (泰州市國土資源局) (Party A) and Taizhou Century Texhong Textile Co., Ltd. (泰州世紀天虹紡織有限公司) (Party B) on 20 July 2002, the land use rights of property, comprising a site area of 151,599.4 sq.m., have been granted to Party B for a term of 50 years for industrial use. The land premium was RMB26,288,851.95.
- (4) According to Business Licence No. 000766 dated 7 September 2004, Taizhou Century Texhong Textile Co., Ltd. (泰州世紀天虹紡織有限公司) was established as a company with a registered capital of USD9,000,000, and has a valid operation period from 23 April 2002 to 22 April 2017.
- (5) According to the PRC legal opinion:
  - (i) The property is located at No. 33 Tianhong Road, Taizhou Economic Development Zone, Taizhou City, Jiangsu Province, which comprises a total site area of approximately 151,599.40 sq.m.;

- (ii) Taizhou Century Texhong Textile Co., Ltd. (泰州世紀天虹紡織有限公司) has obtained the land use rights and buildings ownership of the property. The land use rights of the property have been granted for a term of 50 years from 20 July 2002 to 19 July 2052 for industrial use. The property has a total gross floor area of approximately 28,434.15 sq.m.;
- (iii) Taizhou Century Texhong Textile Co., Ltd. has duly settled all of the land premium and land grant fee of the property with RMB26,288,851.95;
- (iv) Portion of the land use rights and building ownership of the property, comprising a site area of 25,737 sq.m. and a gross floor area of 21,402.5 sq.m. respectively, are subject to mortgage in favour of Industrial and Commercial Bank of China Taizhou Branch with latest expiry date on 27 September 2006 for a loan of RMB10,000,000. Prior written consent shall be obtained from the mortgagee bank before Taizhou Century Texhong Textile Co., Ltd. transfers or disposes of the property by any other means.
- (v) Subject to the terms of the mortgage, Taizhou Century Texhong Textile Co., Ltd. is entitled to transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government; and
- (vi) With regard to the property, except for the above-mentioned conditions, there is no other detection of any acceptances, encumbrances, mortgages, pre-emption of third party, liens, any other third party interests or any agreement responsible for the above-mentioned conditions. There is no detection of any lawsuit or arbitration involved in the property or any parts of the property.
- (6) We have relied on the aforesaid legal opinion and prepared our valuation on the following basis:
- (i) Taizhou Century Texhong Textile Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
- (ii) all land premium and other costs of ancillary utilities services have been settled in full;
- (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
- (iv) the property may be disposed of freely to the purchasers.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Certificates for the Use of State-owned Land	Yes
Certificates for the Building Ownership	Yes
Grant Contract of Land Use Rights	Yes
Planning Permits for Construction Works	N/A
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2004
5. No. 2 Jianghai West Road, Shuangdian Town, Nantong City, Jiangsu Province (江蘇省南通市雙甸鎮江海西路2號)	<p>The property comprises an industrial complex erected upon a plot of land with a roughly oblong-shape having a site area of approximately 59,233.28 sq.m. (637,587 sq.ft.).</p> <p>The industrial complex comprises 19 blocks of building with a total gross floor area of approximately 31,403.45 sq.m. (338,025 sq.ft.) completed from 1984 to 2001.</p> <p>The land use rights of the property have been granted for a term of 50 years from 24 September 2002 to 23 September 2052 for industrial use.</p>	The property is currently owner-occupied for industrial, office, dormitory, warehouse and ancillary uses.	RMB29,600,000

**Notes:**

- (1) According to Certificate for the Use of State-owned Land No. (2002) 400026 issued by Nantong Rudong Land Resources Bureau (南通如東縣國土資源局) dated 26 September 2002, the land use rights of the property, comprising a site area of 59,233.28 sq.m., have been granted to Nantong Century Texhong Textile Co., Ltd. (南通世紀天虹紡織有限公司) for a term of 50 years from 24 September 2002 to 23 September 2052 for industrial use.
- (2) According to Certificates for Building Ownership dated 31 October 2002 and 28 September 2002 and all issued by Nantong Rudong Real Estate Administration Bureau (南通如東縣房產管理局), the building ownership of the property have been vested in Nantong Century Texhong Textile Co., Ltd as follows:

Certificate No.	Number of Block	No. of Storey	Total Gross Floor Area (sq.m.)
710000057	5	1-4	5,498.93
0710000021-3	4	1	2,460.75
0710000021-1	5	1-4	20,796.05
0710000021-2	5	1	2,647.72
Grand Total:	<u>19</u>		<u>31,403.45</u>

- (3) According to Grant Contract for Land Use Rights No. (2002) 38 entered into between Nantong Rudong Land Resources Bureau (南通如東縣國土資源局) (Party A) and Nantong Century Texhong Textile Co., Ltd. (南通世紀天虹紡織有限公司) (Party B) on 24 September 2002, the land use rights of property, comprising a site area of 59,233.28 sq.m., have been granted to Party B for a term of 50 years for industrial use. The land premium was RMB11,846,656.
- (4) According to Business Licence No. 003761 dated 10 September 2004, Nantong Century Texhong Textile Co., Ltd. (南通世紀天虹紡織有限公司) was established as a company with a registered capital of USD2,200,000, and has a valid operation period from 26 June 2002 to 26 June 2014.

- (5) According to the PRC legal opinion:
- (i) The property is located at No. 2 Jianghai West Road, Shuangdian Town, Nantong City, Jiangsu Province, which comprises a site area of approximately 59,233.28 sq.m.;
  - (ii) Nantong Century Texhong Textile Co., Ltd. (南通世紀天虹紡織有限公司) has obtained the land use rights and buildings ownership of the property. The land use rights of the property have been granted for a term of 50 years from 24 September 2002 to 23 September 2052 for industrial use. The property has a total gross floor area of approximately 31,403.45 sq.m.;
  - (iii) Nantong Century Texhong Textile Co., Ltd. has duly settled all of the land premium and land grant fee of the property with RMB11,846,656;
  - (iv) Portion of the land use rights and building ownership of the property, comprising a site area of 36,868.8 sq.m. and a gross floor area of 25,904.52 sq.m. respectively, are subject to mortgage in favour of China Construction Bank Rudong Branch with latest expiry date on 16 September 2005 for a total loan of RMB14,000,000. Prior written consent shall be obtained from the mortgagee bank before Nantong Century Texhong Textile Co., Ltd. transfers or disposes of the property by any other means;
  - (v) Subject to the terms of the mortgage, Nantong Century Texhong Textile Co., Ltd. is entitled to transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government; and
  - (vi) With regard to the property, except for the above-mentioned conditions, there is no other detection of any acceptances, encumbrances, mortgages, pre-emption of third party, liens, any other third party interests or any agreement responsible for the above-mentioned conditions. There is no detection of any lawsuit or arbitration involved in the property or any parts of the property.
- (6) We have relied on the aforesaid legal opinion and prepared our valuation on the following basis:
- (i) Nantong Century Texhong Textile Co., Ltd is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
  - (ii) all land premium and other costs of ancillary utilities services have been settled in full;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - (iv) the property may be disposed of freely to the purchasers.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:
- |  |     |
|--|-----|
| Certificates for the Use of State-owned Land | Yes |
| Certificates for the Building Ownership      | Yes |
| Grant Contract of Land Use Rights            | Yes |
| Planning Permits for Construction Works      | N/A |
| Business Licence                             | Yes |

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2004
6. Renming East Road, Puyan Town, Pujiang County, Jinhua City, Zhejiang Province (浙江省浦江縣 浦陽鎮人民東路)	<p>The property comprises an industrial complex erected upon a plot of land having a site area of approximately 41,065 sq.m. (442,024 sq.ft.).</p> <p>The industrial complex comprises 6 blocks of single to 3-storey buildings with a total gross floor area of approximately 14,086.60 sq.m. (151,628 sq.ft.) completed in 2001 and 2002.</p> <p>The land use rights of the property have been granted for a term from 18 May 2000 to 17 May 2050 for industrial use.</p>	<p>Portion of Level 1 of a 2-storey industrial building with a gross floor area of 701.25 sq.m. (7,548 sq.ft.) is currently leased to Texhong Textile (Jinhua) Co., Ltd. (天虹紡織(金華)有限公司) for a term from 8 January 2001 to 7 January 2006 at an annual rent of RMB35,062.50.</p> <p>Portion of Level 1 of a 2-storey industrial building with a gross floor area of 1,017.80 sq.m. (10,956 sq.ft.) is currently leased to Zhejiang Century Texhong Textile Co., Ltd. (浙江世紀天虹紡織有限公司) for a term from 30 October 2002 to 30 October 2005 at an annual rent of RMB50,890.</p> <p>The remaining portion of the property are owner-occupied for industrial, warehouse and other ancillary uses.</p>	RMB20,330,000

## Notes:

- (1) According to Certificate for the Use of State-owned Land (2001) No. 01-2358 issued by Pujiang Construction, Environment Protection and Land Administration Bureau (浦江縣建設環保與土地管理局) dated 29 April 2001, the land use rights of the property, comprising a site area of 41,065 sq.m., have been granted to Zhejiang Texhong Textile Co., Ltd. (浙江天虹紡織有限公司) for a term from 18 May 2000 to 17 May 2050 for industrial use.
- (2) According to Certificates for Building Ownership issued by Pujiang Real Estate Administration Bureau (浦江縣房產管理處), the building ownership of the property have been vested in Zhejiang Texhong Textile Co., Ltd. as follows:

Certificate No.	Number of Block	No. of Storey	Total Gross Floor Area (sq.m.)
017567	4	1-2	9,872.80
019949	2	3	4,213.80
Grand Total:	<u>6</u>		<u>14,086.60</u>



- (3) According to Grant Contract for Land Use Rights entered into between Pujiang Construction, Environmental Protection and Land Administration Bureau (浦江縣建設環保與土地管理局) (Party A) and Zhejiang Texhong Textile Co., Ltd. (Party B) on 17 May 2000, the land use rights of property, comprising a site area of 41,065.00 sq.m., have been granted to Party B for a term of 50 years for industrial use. The land premium was RMB5,248,200.
- (4) According to Business Licence No. 000650 dated 3 September 2004, Zhejiang Texhong Textile Co., Ltd. (浙江天虹紡織有限公司) was established as a company with a registered capital of USD3,350,000 and has a valid operation period from 18 May 2000 to 17 May 2012.
- (5) According to the PRC legal opinion:
- (i) The property is located at Renming East Road, Puyan Town, Pujiang County, Jinhua City, Zhejiang Province, which comprises a site area of approximately 41,065 sq.m.;
  - (ii) Zhejiang Texhong Textile Co., Ltd. (浙江天虹紡織有限公司) has obtained the land use rights and buildings ownership of the property. The land use rights of the property have been granted for a term of 50 years from 18 May 2000 to 17 May 2050 for industrial use. The property has a total gross floor area of approximately 14,086.60 sq.m.;
  - (iii) Zhejiang Texhong Textile Co., Ltd. has duly settled all of the land premium and land grant fee of the property with RMB5,248,200;
  - (iv) The property is subject to mortgage in favour of China Construction Bank Pujiang Branch with latest expiry date on 14 October 2005 for a loan of RMB23,000,000. Prior written consent shall be obtained from the mortgagee bank before Zhejiang Texhong Textile Co., Ltd. transfers or disposes of the property by any other means;
  - (v) Subject to the terms of the mortgage, Zhejiang Texhong Textile Co., Ltd. is entitled to transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government; and
  - (vi) With regard to the property, except for the above-mentioned conditions, there is no other detection of any acceptances, encumbrances, mortgages, pre-emption of third party, liens, any other third party interests or any agreement responsible for the above-mentioned conditions. There is no detection of any lawsuit or arbitration involved in the property or any parts of the property.
- (6) We have relied on the aforesaid legal opinion and prepared our valuation on the following basis:
- (i) Zhejiang Texhong Textile Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
  - (ii) all land premium and other costs of ancillary utilities services have been settled in full;
  - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - (iv) the property may be disposed of freely to the purchasers.
- (7) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:
- |  |     |
|--|-----|
| Certificates for the Use of State-owned Land | Yes |
| Certificates for the Building Ownership      | Yes |
| Grant Contract of Land Use Rights            | Yes |
| Planning Permits for Construction Works      | Yes |
| Business Licence                             | Yes |

**Group II – Property interest leased by the Group in Hong Kong**

Property	Description and tenancy particulars	Capital value in existing state as at 30 September 2004
7. Room 2532-2536, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai	<p>The property comprises 5 office units on the 25th floor of a 51-storey commercial building completed in 1982.</p> <p>The property has a lettable area of 126.25 sq.m. (1,359 sq.ft.) and is currently occupied by the Group for office use.</p> <p>The lessor, an independent third party, lease the property to Texhong Textile Group Limited for a term of 2 years from 30 September 2004 to 30 September 2006 at a monthly rent of HK\$23,103, exclusive of management fee and utility charges. The above-mentioned lease terms include a rent free period from 30 September 2004 to 30 October 2004 and 30 September 2005 to 30 October 2005.</p>	No commercial value

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

Property	Description and tenancy particulars	Capital value in existing state as at 30 September 2004
8. An industrial complex at 104 National Highway (North), Taoyuan Town, Suining Town, Xuzhou County, Jiangsu Province (江蘇省徐州市睢寧縣桃園鎮104國道南側)	<p>The property comprises a single storey industrial building erected on a site having a site area of approximately 23,720 sq.m. (255,322 sq.ft.). The building was completed in 1995.</p> <p>The property has a total gross floor area of approximately 11,100 sq.m. (119,480 sq.ft.) and is currently occupied by the Group for industrial use.</p> <p>The lessor, an independent third party, lease the property to Jiangsu Century Texhong Textile Co., Ltd. (江蘇世紀天虹紡織有限公司, formally known as 江蘇新天紡織有限公司) for a term of 3 years from 28 February 2004 to 28 February 2007 at an annual rent of RMB180,000.</p> <p>According to the PRC legal opinion, the lessor has completed the procedures for tenancy registration in respect of the building erected on the land and is entitled to lease the property. The lease arrangement is valid and binding.</p> <p>With the consent of the lessor, Jiangsu Century Texhong Textile Co., Ltd. (a wholly owned subsidiary of the Group) has sub-leased the property to Xuzhou Century Texhong Textile Co., Ltd. 徐州世紀天虹紡織有限公司 (a wholly owned subsidiary of the Group), for a same term of 3 years from 28 February 2004 to 28 February 2007 at a same annual rent of RMB180,000.</p> <p>According to the PRC legal opinion, Jiangsu Century Texhong Textile Co., Ltd. have completed the registration of the sub-lease with the competent land bureau. The sub-lease arrangement is valid and binding.</p>	No commercial value

Property	Description and tenancy particulars	Capital value in existing state as at 30 September 2004
<p>9. Portion of an industrial complex situated at No. 18 Chengzha Road, Nantong City, Jiangsu Province (江蘇省南通市城閘路18號)</p>	<p>The property comprises portion of a single storey industrial building erected on a site having a site area of approximately 11,294.08 sq.m. (121,569 sq.ft.). The building was completed in 1978.</p> <p>The property has a total gross floor area of approximately 10,000 sq.m. (107,640 sq.ft.) and is currently occupied by the Group for industrial use.</p> <p>The lessor, an independent third party, lease the property to Nantong Texhong Yinhai Industrial Co., Ltd. (南通天虹銀海實業有限公司) for a term from 1 June 2004 to 31 May 2009 at an annual rent of RMB212,800.</p> <p>According to the PRC legal opinion, the lessor has completed the procedures for tenancy registration and is entitled to lease the property. The lease arrangement is valid and binding.</p>	No commercial value
<p>10. No. 2 Jianghai West Road, Shuangdian Town, Nantong City, Jiangsu Province (江蘇省南通市雙甸鎮海西路2號)</p>	<p>The property comprises a plot of land with a site area of approximately 1,461.9 sq.m. (15,736 sq.ft.).</p> <p>The property is currently occupied the Group as a main entrance to Property No. 5.</p> <p>The lessor, an independent third party, lease the property to Nantong Century Texhong Textile Co., Ltd. (南通世紀天虹紡織有限公司) for a term of 3 years from 24 September 2002 to 23 September 2005 at an annual rent of RMB2,923.8.</p> <p>According to the PRC legal opinion, the lease arrangement is valid and binding.</p>	No commercial value
<p>11. Units 4B and 4C on Level 4, Tianhong Building, No. 80 Xianxia Road, Changning District, Shanghai (上海市長寧區仙霞路80號)</p>	<p>The property comprises 2 office units on Level 4 of a 6-storey composite building completed in 1996.</p> <p>The property has a gross floor area of 401.81 sq.m. (4,325 sq.m.) and is currently occupied by the Group as office.</p> <p>The lessor, an independent third party, lease the property to Zhejiang Texhong Textile Co., Ltd. (浙江天虹紡織有限公司) for a term of 3 years from 1 August 2003 to 31 July 2006 at a monthly rent of USD4,033.2.</p> <p>According to the PRC legal opinion, the lessor has obtained the building ownership certificate of the property, has completed the procedures for tenancy registration and is entitled to lease the property. The lease arrangement is valid and binding.</p>	No commercial value

Property	Description and tenancy particulars	Capital value in existing state as at 30 September 2004
12. Unit 1708 on Level 17, Times Center Building, No. 159 Zhongshan Road, Wuxi City, Jiangsu Province (江蘇省無錫市中山路159號時代中心)	<p>The property comprises one unit on Level 17 of a 24-storey building completed in 1994.</p> <p>The property has a gross floor area of 188.56 sq.m. (2,030 sq.ft.) and is currently occupied by the Group as office.</p> <p>The lessor, an independent third party, leases the property to Jiangsu Century Texhong Textile Co., Ltd. (江蘇世紀天虹紡織有限公司) for a term of 1 year from 1 March 2004 to 28 February 2005 at an annual rent of RMB70,000.</p> <p>According to the PRC legal opinion, the lessor has not obtained the building ownership certificate of the property but has completed the procedures for tenancy registration and is entitled to lease the property. The lease arrangement may not be valid and legally binding.</p>	No commercial value