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**PANVA GAS HOLDINGS LIMITED**

**百江燃氣控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8132)

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF INTEREST IN  
QIQIHAR NATURAL GAS COMPANY**

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This Circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for 7 days from the day of its posting.

1st December, 2004

\* *For identification purpose only*

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## CHARACTERISTICS OF GEM

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**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazatted newspaper. Accordingly, prospective investors should note that they need to have access to GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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## DEFINITIONS

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*In this document, the following expressions have the following meanings unless the context requires otherwise:*

“Acquisition”	the acquisition of 61.04% shareholdings in Qiqihar Natural Gas under the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Panva Gas Holdings Limited (百江燃氣控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Directors”	directors of the Company including the independent non-executive Directors for the time being
“Enerchina”	Enerchina Holdings Limited (Stock Code: 622), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an independent third party who is not connected with the chief executive, directors and substantial shareholder(s) of the Company or any of its subsidiaries and their respective associates
“Latest Practicable Date”	29th November, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LP Gas”	liquefied petroleum gas
“Panriver Investments”	Panriver Investments Company Limited, a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Qiqihar Government”	Qiqihar City Development Bureau (齊齊哈爾市建設局)
“Qiqihar Liquefied Gas”	Qiqihar Liquefied Gas Company (齊齊哈爾市液化氣公司), a company established in the PRC which is, as at the date of this announcement, wholly-owned by Qiqihar Natural Gas

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## DEFINITIONS

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“Qiqihar Natural Gas”	Qiqihar Natural Gas Company (齊齊哈爾市天然氣公司), a company established in the PRC and operated by the Municipal Government of the municipality of Heilongjiang province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the Sale and Purchase agreement entered into on 10th November, 2004 by Panriver Investments and Qiqihar Government whereby Qiqihar Government agrees to transfer 61.04% of the interests in Qiqihar Natural Gas to Panriver Investments
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sinolink”	Sinolink Worldwide Holdings Limited (Stock Code: 1168), a Company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*For the purpose of this circular, unless otherwise indicated, the exchange rate at HK\$1 = RMB1.069 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at this rate.*



**PANVA GAS HOLDINGS LIMITED**

**百江燃氣控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8132)

*Executive Directors:*

OU Yaping (*Chairman*)  
TANG Yui Man, Francis (*Vice Chairman*)  
CHEN Wei (*Managing Director*)  
LI Fujun  
ZHANG Keyu  
SHEN Lian Jin

*Non-executive Directors*

FOK Kin-ning, Canning  
TO Chi Keung, Simon  
*(alternate director to Mr. FOK Kin-ning, Canning)*

*Independent Non-executive Directors:*

CHEUNG Hon Kit  
LI Xiao Ru  
GE Ming

*Registered Office:*

Ugland House, P.O. Box 309,  
George Town, Grand Cayman  
Cayman Islands, British West Indies

*Head office and principal place  
of business in Hong Kong*

28th Floor, Vicwood Plaza  
199 Des Voeux Road Central  
Hong Kong

1st December, 2004

*To the shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF INTEREST IN  
QIQIHAR NATURAL GAS COMPANY**

**INTRODUCTION**

The Board is pleased to announce that on 10th November, 2004, Panriver Investments, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with Qiqihar Government. The Company confirms that, to the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Qiqihar Government is a third party independent of the Company and is not a connected person of the Company and is independent of the connected persons of the Company.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### SALE AND PURCHASE AGREEMENT

**Date** : 10th November, 2004

**Parties**

The seller : Qiqihar Government, being the legal and beneficial owner of 100% shareholding in Qiqihar Natural Gas

The purchaser : Panriver Investments, a wholly-owned subsidiary of the Company

The Sale and Purchase Agreement shall be effective and binding upon the obtaining of the approval from the relevant government authorities in PRC and the Company anticipates that such approval would be obtained before the end of this year.

Pursuant to the Sale and Purchase Agreement, Qiqihar Government will transfer 61.04% of its shareholdings in Qiqihar Natural Gas to Panriver Investments for a consideration of RMB77,215,300 subject to the final valuation of the assets of Qiqihar Natural Gas which will be prepared as at the date of completion of the said valuation as stated below. It was also agreed pursuant to the Sale and Purchase Agreement that upon completion of the transfer, Qiqihar Government will transfer the remaining 38.96% to an entity which is an Independent Third Party and is held by the existing employees of Qiqihar Natural Gas. Valuation of the assets is to be carried out by a valuer appointed jointly by Panriver Investments and Qiqihar Government, and the said valuer shall be a party independent of the Company and Qiqihar Government and is a recognized PRC valuer approved by the National Administrative Bureau of State Owned Property, and shall be completed within six months from the date when the Sale and Purchase Agreement become effective. The consideration payable by the Company for the Acquisition is fixed at RMB77,215,300 but the percentage of the shareholding shall be adjusted based on the outcome of the valuation. Therefore, the eventual percentage of the shareholding in Qiqihar Natural Gas shall be RMB77,215,300 divided by the outcome of the new valuation, but Panriver Investments's shareholding in Qiqihar Natural Gas shall in any event not less than 51% and not more than 77%. Upon completion of the Acquisition, Qiqihar Natural Gas will be accounted for as a subsidiary of the Company. If there will be any adjustment, the shareholding ratio of Panriver Investments and the entity representing the employees will adjust accordingly (i.e. there will always be Panriver Investments and such entity as shareholders only). The consideration, which was determined after arms-length negotiation between Panriver Investments and Qiqihar Government, was based on (i) the valuation report on the assets of Qiqihar Natural Gas (inclusive of Qiqihar Liquefied Gas) as at 30th April, 2003 which includes all the natural gas and LP Gas pipe networks, land and machinery relating to the operation of the supply of natural gas and LP Gas and the 30-year exclusive right of operation and (ii) the revised valuation report as at 30th April, 2004 on the said assets mentioned above. In respect of the said valuation report as at 30th April, 2004, the net assets value amount was RMB126,490,000 and it was prepared on the basis of the 30-year exclusive right of operation, and the purpose of preparing such report is to provide a basis for the parties to negotiate the Acquisition.

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## LETTER FROM THE BOARD

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### PAYMENT TERMS

In accordance with the Sale and Purchase Agreement the payment terms for Panriver Investments are as following:–

- RMB23,164,600 representing 30% of the consideration shall be paid within ten (10) working days after the taking effect of the Sale and Purchase Agreement; and
- RMB54,050,700 representing 70% of the consideration shall be paid within six (6) months after the completion of the conversion of Qiqihar Natural Gas into a sino-foreign joint venture and the transfer of the relevant assets into the joint venture;

The parties to the Sale and Purchase Agreement further agree that within 6 months from the effective date of the agreement and as conditions for the payment of the second instalment, Qiqihar Government shall (i) obtain the release of the guarantee in the sum of RMB29,218,000 (being the maximum liability of Qiqihar Natural Gas is exposed to under such guarantee) provided by Qiqihar Natural Gas in favour of a bank as security for the repayment of a loan made by the said bank to Yang Guang Group Company (陽光熱力集團公司), an Independent Third Party owned by Qiqihar Government and acquaint with Qiqihar Natural Gas; (ii) the obtaining of all necessary approvals and licences (including the business licence for the operation of Qiqihar Natural Gas as a sino-foreign equity joint venture company) for the Acquisition from the relevant PRC government authority. In the event that the guarantee provided by Qiqihar Natural Gas as aforementioned is enforced by the said bank due to default of repayment by Yang Guang Group Company, Panriver Investments shall be entitled to deduct the amount payable under the said guarantee from the amount payable as the second instalment.

### COMPLETION

There is no long-stop date to the completion but Qiqihar Government shall procure the completion of the transfers and handovers in relation to Acquisition within 15 business days after the full payment of the consideration.

### FUNDING

The consideration of the Acquisition will primarily be financed out of the internal resources of the Company.

### INFORMATION ON QIQIHAR NATURAL GAS AND QIQIHAR GOVERNMENT

Qiqihar Government is the Qiqihar City Development Bureau (齊齊哈爾市建設局), a local government authority responsible for the development of the City of Qiqihar.

Qiqihar Natural Gas is currently a state-owned enterprise incorporated in the PRC on 1st January, 1976 which is principally engaged in the provision of natural gas and LP Gas to domestic and commercial users and the operation of the city gas pipeline network in the city of Qiqihar, Heilongjiang Province, PRC. Qiqihar Natural Gas also owns the entire equity interests of Qiqihar Liquefied Gas which is principally engaged in the provision of LP Gas to domestic and commercial users in the city of Qiqihar,



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## LETTER FROM THE BOARD

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Heilongjiang Province, PRC. Upon completion of the Acquisition, Qiqihar Natural Gas will become a sino-foreign equity joint venture company and a subsidiary of the Company. Prior to such completion, Panriver Investments and Qiqihar Government will negotiate in relation to the reformation of Qiqihar Natural Gas as a sino-foreign equity joint venture company, and Panriver Investments and the independent entity held by the existing employees of Qiqihar Natural Gas as stated above will enter into a relevant joint venture agreement relating to Qiqihar Natural Gas upon its reformation as a sino-foreign equity joint venture company. It is expected and understood at present that Panriver Investments shall control the composition of the board of directors of Qiqihar Natural Gas upon completion, and as to the number of directors representing Panriver Investments, it will also reflect Panriver Investments's eventual shareholding in Qiqihar Natural Gas.

Qiqihar Natural Gas has a registered share capital of RMB126,490,000 with an audited net assets value of RMB164,714,900 as at 30th April, 2004. For the purpose of valuation as referred to above, it was prepared on the basis that all the material commitment has been provided for. Therefore, apart from what is provided for in the above valuation, there should be no material outstanding commitment. The net losses (before taxation and extraordinary items) of Qiqihar Natural Gas for the two (2) financial years ended 31st December, 2002 and 31st December, 2003 is RMB3,398,399 and RMB2,582,593 respectively, and the net losses (after taxation and extraordinary items) of Qiqihar Natural Gas for the two (2) financial years ended 31st December, 2002 and 31st December, 2003 is RMB3,676,926 and RMB3,121,271 respectively.

### REASONS FOR THE ACQUISITION

The Company is engaged in the downstream operations of the gas sector in the PRC and as part of its strategy in business development, the Company expands through mergers and acquisitions. In addition to its current operation in eight provinces in the PRC, the Company through the Acquisition establishes its presence in the province of Heilongjiang, PRC and further expands its piped gas operations. Qiqihar is a major city in Heilongjiang province, with an urban population of 5.6 million people, and serves as the major hub for the north eastern part of the PRC. The Acquisition will serve as the springboard for the Company in its future business development in the north eastern part of the PRC. The Board believes that the Acquisition is fair and reasonable and in the interests of the shareholders of the Company as a whole because (i) the valuation reflects a true and fair value of Qiqihar Natural Gas; and (ii) although Qiqihar Natural Gas has been making losses for the years 2002 and 2003, the Company expects that, with its proven track record in managing this kind of business and the fact that it has a 30 years' right of exclusive operation, it would be able to turnaround Qiqihar Natural Gas and thus making a profit contribution to its shareholders. However, the Board does not expect the Acquisition will have any immediate material impact on either the earnings or the assets and liabilities of the Group, upon Completion.

### GENERAL

As one or more of the percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is less than 25% but more than 5%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

By order of the Board  
**Panva Gas Holdings Limited**  
**CHEN Wei**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinion expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO); or which are required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Interest in shares			Interest in underlying shares pursuant to share options	Aggregate interest/ (Short positions)	Approximate percentage of the Company's issued share capital
	Long positions/(Short positions)					
	Beneficial owner	Interest of controlled corporations	Total interest in shares			
Chen Wei	4,160,000	–	4,160,000	5,040,000	9,200,000	0.98%
Li Fujun	1,000,000	–	1,000,000	2,600,000	3,600,000	0.38%
Ou Yaping	–	556,871,587	556,871,587	3,600,000	560,471,587	59.48%
	–	(19,230,769)	(19,230,769)	–	(19,230,769)	(2.04%)
			(Note)			
Shen Lian Jin	–	–	–	300,000	300,000	0.03%
Tang Yui Man, Francis	5,440,000	–	5,440,000	960,000	6,400,000	0.68%

*Note:*

The 556,871,587 shares represent (i) 381,298,462 shares held by Kenson Investment Limited (“Kenson”), a wholly-owned subsidiary of Sinolink. 58.96% interests of Sinolink are held by Asia Pacific Promotion Limited (“Asia Pacific”). Mr. Ou Yaping is the sole beneficial owner of Asia Pacific. Mr. Ou Yaping is deemed under the SFO to be interested in these shares; (ii) 6,081,600 shares held by Asia Pacific directly. The entire issued share capital of Asia Pacific are legally and beneficially held by Mr. Ou Yaping; and (iii) 169,491,525 shares held by Supreme All Investments Limited (“Supreme All”). 100% interests of Supreme All are held by Sinolink. Mr. Ou is deemed under the SFO to be interested in these shares.

Kenson is under an obligation to transfer 19,230,769 shares to Hutchison International Limited (“Hutchison International”) upon full exchange of a HK\$62,500,000 redeemable note (the “Note”) held by Hutchison International in accordance with the terms and conditions of the Note.

**Directors’ interest in share options granted by the Company**

Pursuant to the Company’s share option scheme, the Company has granted options to subscribe the Company’s ordinary shares in favour of certain Directors, the details of which are as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of shares subject to outstanding options as at Latest Practicable Date	Approximate percentage of the Company’s issued share capital
Chen Wei	04.04.2001	01.01.2003 – 03.04.2001	0.475	1,800,000	0.19%
	04.04.2001	01.01.2004 – 03.04.2011	0.475	1,800,000	0.19%
	13.11.2001	13.11.2002 – 13.02.2007	0.940	1,440,000	0.15%
Li Fujun	04.04.2001	01.01.2003 – 03.04.2011	0.475	920,000	0.10%
	04.04.2001	01.01.2004 – 03.04.2011	0.475	1,200,000	0.13%
	13.11.2001	13.11.2002 – 13.02.2007	0.940	480,000	0.05%
Ou Yaping	04.04.2001	01.01.2003 – 03.04.2011	0.475	1,800,000	0.19%
	04.04.2001	01.01.2004 – 03.04.2011	0.475	1,800,000	0.19%
Shen Lian Jin	04.04.2001	01.01.2004 – 03.04.2011	0.475	300,000	0.03%
Tang Yui Man, Francis	13.11.2001	13.11.2002 – 13.02.2007	0.940	960,000	0.10%

*Notes:*

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- These options represent personal interest held by the Directors as beneficial owner.

## Interests in shares in associated corporations

Name of Director	Name of associated corporations	Interest of controlled corporations	Capacities			Aggregate interest	Approximate percentage of the issued share capital of associated corporations
			Beneficial owner	Held by spouse			
Ou Yaping	Sinolink	1,374,222,000 (Note 1)	–	6,475,920	1,380,697,920 (Note 1)	59.24%	
	Enerchina	849,038,775 (Note 2)	–	–	849,038,775 (Note 2)	37.06%	
	Asia Pacific	–	1	–	1	100%	
	Supreme All	1	–	–	1	100%	

*Notes:*

1. These shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Ou Yaping, Chairman of the Company.
2. The 849,038,775 shares in Enerchina represent the aggregate of: (i) the 571,887,966 shares held by Sinolink (Mr. Ou Yaping through his wholly-owned company, Asia Pacific, holds approximately 58.96% of the existing issued share capital of Sinolink and is therefore deemed to be interested in all the shares in which Sinolink is interested); and (ii) the 277,150,809 shares held by Smart Orient Investments Limited (“Smart Orient”). 100% interests of Smart Orient are held by Sinolink. Mr. Ou Yaping is deemed under the SFO to be interested in these shares.

## Interests in options to subscribe for shares of associated corporations

<b>Name of Directors</b>	<b>Name of associated corporations</b>	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price HK\$</b>	<b>Number of share options held</b>
Chen Wei	Sinolink	14.03.2002	01.12.2002 – 01.12.2005	0.56	6,400,000
Ou Yaping	Enerchina	09.06.2004	09.06.2004 – 08.06.2014	0.44	2,288,000
Tang Yui Man, Francis	Enerchina	09.06.2004	09.06.2004 – 08.06.2014	0.44	22,880,000

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Save as disclosed above, none of the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO; or which are required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director of the Company, the following person(s) or corporations, other than the Directors or chief executives of the Company as disclosed above, had an interest in the shares and underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

#### Long positions and short positions in shares and underlying shares in the Company

Name of shareholders	Interest in shares				Interest in underlying shares pursuant to share options/debentures	Aggregate interest/(short positions)	Approximate percentage of the Company's issued share capital
	Beneficial owner	Long positions/(short positions) Held by controlled corporation	Held by trust	Total interest in shares			
Kenson	381,298,462 (19,230,769) <i>(Note 1)</i>	- -	- -	381,298,462 (19,230,769)	- -	381,298,462 (19,230,769)	40.47% (2.04%)
Sinolink	- -	550,789,987 (19,230,769)	- -	550,789,987 (19,230,769)	- -	550,789,987 (19,230,769)	58.45% (2.04%)
Asia Pacific	- -	556,871,587 (19,230,769)	- -	556,871,587 (19,230,769)	- -	556,871,587 (19,230,769)	59.10% (2.04%)
Ou Yaping	- -	556,871,587 (19,230,769)	- -	556,871,587 (19,230,769)	3,600,000 -	556,871,587 (19,230,769)	59.48% (2.04%)
Deutsche Bank Aktiengesellschaft	72,475,282	-	-	72,475,282	-	72,475,282	7.69%
Value Partners Limited	-	48,000,000	-	48,000,000	-	48,000,000	5.09%
Cheah Cheng Hye	-	48,000,000	-	48,000,000	-	48,000,000	5.09%
Hutchison International Limited	38,461,538	-	-	38,461,538	19,230,769	57,692,307 <i>(Note 2)</i>	6.12%
Hutchison Whampoa Limited	-	38,461,538	-	38,461,538	19,230,769	57,692,307 <i>(Note 2)</i>	6.12%
Cheung Kong (Holdings) Limited	-	38,461,538 <i>(Note 3)</i>	-	38,461,538	19,230,769	57,692,307	6.12%
Li Ka-Shing Unity Trustee Company Limited	-	-	38,461,538 (as trustee) <i>(Note 3)</i>	38,461,538	19,230,769	57,692,307	6.12%
Li Ka-Shing Unity Trustcorp Limited	-	-	38,461,538 (as trustee and beneficiary of a trust) <i>(Note 3)</i>	38,461,538	19,230,769	57,692,307	6.12%
Li Ka-Shing Unity Trustee Corporation Limited	-	-	38,461,538 (as trustee and beneficiary of a trust) <i>(Note 3)</i>	38,461,538	19,230,769	57,692,307	6.12%
Li Ka-shing	-	38,461,538 (also as founder of discretionary trusts) <i>(Note 3)</i>	-	38,461,538	19,230,769	57,692,307	6.12%

*Notes:*

1. Sinolink is interested in the entire issued share capital of Kenson. Therefore, by virtue of Section 310 of Part XV of the SFO, the shares in which Kenson is shown as being interested are included in and duplicate with interest in the shares of the Company held by Sinolink and Asia Pacific. Mr. Ou Yaping is the sole beneficial shareholder of Asia Pacific. Mr. Ou Yaping is deemed under Part XV of the SFO to have an interest in the shares held by Kenson.

Kenson is under an obligation to transfer 19,230,769 shares to Hutchison International upon full exchange of the Note held by Hutchison International in accordance with the terms and conditions of the Note.

2. Hutchison International is interested in 38,461,538 shares and in the Note which is exchangeable into existing shares at the exchange price of HK\$3.25 (subject to adjustment) per share. Upon full exchange of the Note at the initial exchange price, Hutchison International shall be entitled to 19,230,769 shares and is accordingly interested in an aggregate of 57,692,307 shares.

Hutchison International is a wholly owned subsidiary of Hutchison Whampoa Limited (“Hutchison Whampoa”). By virtue of Part XV of the SFO, Hutchison Whampoa is deemed to be interested in 57,692,307 shares.

3. Certain subsidiaries of Cheung Kong (Holdings) Limited (“Cheung Kong”) are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Hutchison Whampoa.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited (“TUT1”). TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust (“DT2”). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TDT1, TDT2, TUT1 and Cheung Kong are all deemed to be interested in the 38,461,538 shares and in the Note representing 19,230,769 underlying shares both held by Hutchison International.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be disclosed under Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at the Latest Practicable Date, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, in a practicable manner, able to direct or influence the management of the Company.

#### 4. DIRECTORS' INTERESTS IN SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### 5. COMPETING INTERESTS

None of the Directors or any of their respective associates, have engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

#### 6. LITIGATION

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

#### 7. GENERAL

- (a) The branch share registrar and transfer office in Hong Kong of the Company is Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) the registered office of the Company is at Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (c) The head office and principal place of business of the Company in Hong Kong is at 28th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.
- (d) The compliance officer of the Company is Mr. Li Fujun. Mr. Li is an executive director of the Company.
- (e) The company secretary of the Company is Mr. Lo Tai On, Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (f) The qualified accountant of the Company is Mr. Yu Man To, Gerald, *MBA, CPA (Aus.), CPA*. Mr. Yu holds a Bachelor degree in Business and a Master degree in Business Administration and is a certified practising accountant in Australia and Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.



- (g) The Company has established an audit committee with written terms of reference in compliance with Rules 5.29 to 5.30 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive Directors, namely, Messrs. Cheung Hon Kit, Li Xiao Ru and Ge Ming, further details of which are set out below:

Mr. Cheung Hon Kit, aged 50, is an independent non-executive director of the Company. Mr. Cheung has over 26 years of experience in the real estate development, property business and corporate finance. Mr. Cheung graduated from the University of London with a bachelor of arts degree. He has worked in key executive positions in various leading property companies in Hong Kong. Currently, he is an executive director of ITC Corporation Limited and Paul Y-ITC Construction Holdings Limited and the managing director of Wing On Travel (Holdings) Limited. He is also a director of Hanny Holdings Ltd., Cyber On-Air Group Company Ltd. and Skynet (International Group) Holdings Limited. He has been an independent non-executive director since January 2001.

Mr. Li Xiao Ru, aged 47, is an independent non-executive director of the Company. He was educated in Shanghai Foreign Language University in the PRC and received his Bachelor of Arts from Columbia University, the USA and Jurist Doctor from New York University, the USA. Prior to joining Morrison & Forester, he worked at major international law firms in both New York and Hong Kong and became a partner at Morrison & Forester's Hong Kong office in 2003. He was the managing director of Hong Kong Construction (Holdings) Limited, a listed company in Hong Kong during the period from March 1998 to July 2001. Mr. Li is also an independent non-executive director of China HealthCare Holdings Limited, Jilin Chemical Industrial Co., Ltd. and Great Wall Technology Co., Ltd. He has been an independent non-executive director since April 2003.

Mr. Ge Ming, aged 53, has more than 22 years experience in accounting and financial management. Mr. Ge Ming holds a master degree in economics from the Research Institute of Fiscal Science attached to the Ministry of Finance, the PRC and is a member of China Institute of Certified Public Accountants. Mr. Ge Ming is an executive director from CCAFMSide in CCAFMSide – E & Y Management Services Limited and has distinctive knowledge of the business regulatory environment in the PRC as well in Hong Kong. He has been an independent non-executive director since September 2004.

- (h) For all intents and purposes, the English text of this document shall prevail over the Chinese text.