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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**

**ACQUISITION OF  
INTERESTS IN ANSHAN CITY 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.

13 January 2005

\* *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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
Asset Transfer Agreement .....	4
Funding .....	5
Information on Anshan City Gas and Anshan City Bureau .....	5
Reasons for Entering into the Asset Transfer Agreement .....	6
General .....	6
<b>Appendix</b>	
General Information .....	7

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## DEFINITIONS

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

“Anshan City Bureau”	鞍山市公用事業管理局 (“Anshan City Public Utilities Management Bureau”)
“Anshan City Gas”	鞍山市煤氣總公司 (“Anshan City Gas Company”), a limited liability company incorporated in the PRC
“Anshan Panva Gas”	鞍山百江燃氣有限公司 (“Anshan Panva Gas Co. Ltd.”), a limited liability company to be incorporated in the PRC
“Asset Transfer Agreement”	the asset transfer agreement dated 23 December 2004 entered into between Panriver Investments, Anshan City Bureau and Shanghai Investment in relation to Anshan City Gas
“Board”	the board of Directors of the Company
“Business Day(s)”	means a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in the PRC
“Company”	Panva Gas Holdings Limited (百江燃氣控股有限公司*) (Stock Code: 8132), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Asset Transfer Agreement is duly registered with the relevant PRC governmental authorities
“Enerchina”	Enerchina Holdings Limited (威華達控股有限公司*) (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 GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 January 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“LP Gas”	liquefied petroleum gas
“Panriver Investments”	百江投資有限公司 (Panriver Investments Company Limited*), a wholly-owned subsidiary of the Company, being a limited liability company incorporated in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Investment”	上海建世海嘉投資有限公司 (“Shanghai Jian Shi Hai Jia Investment Co., Ltd**”), a limited liability company incorporated in the PRC
“Sinolink”	Sinolink Worldwide Holdings Limited (百仕達控股有限公司*) (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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*For the purpose of this circular, unless otherwise indicated, the exchange rate at HK\$1 = RMB1.06 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this rate.*

\* For identification purpose only



**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

13 January 2005

*To the shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**ACQUISITION OF  
INTERESTS IN ANSHAN CITY GAS COMPANY**

**INTRODUCTION**

On 23 December 2004, the Board and the board of directors of Sinolink jointly announced that Panriver Investments (a wholly-owned subsidiary of the Company), Anshan City Bureau and Shanghai Investment had on 23 December 2004 entered into the Asset Transfer Agreement in relation to the acquisition by Panriver Investments of interests in the share capital of Anshan City Gas at a total consideration of RMB70,490,000 (equivalent to approximately HK\$66,500,000).

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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The entering of the Asset Transfer Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. The purpose of this circular is therefore to provide you with further information relating to the Asset Transfer Agreement and with other information as required under the GEM Listing Rules.

### ASSET TRANSFER AGREEMENT

**Date:** 23 December 2004

**Parties:**

- (i) Anshan City Bureau
- (ii) Panriver Investments
- (iii) Shanghai Investment

To the best of the knowledge, information and belief of the Board and having made all reasonable enquiries, both Anshan City Bureau and Shanghai Investment (and its respective ultimate beneficial owners) are independent third parties and not connected persons (as defined in the GEM Listing Rules) to the Company.

### Assets to be acquired:

Anshan City Bureau is currently the registered owner of 100% equity interests in Anshan City Gas. Pursuant to the Asset Transfer Agreement, Anshan City Bureau will transfer 51% equity interests to Panriver Investments and 30% equity interests to Shanghai Investment. Upon completion of the aforesaid transfers, Anshan City Bureau will remain the registered owner of 19% equity interests in Anshan City Gas.

Upon establishment of the joint venture company, the new company shall be named 鞍山百江燃气有限公司 (“Anshan Panva Gas Co. Ltd.”), the principal business of which will include the provision of gas fuel, investment in, operation and management of the piped gas network for a period of 30 years to the city of Anshan, Panriver Investments will own 51% equity interests in Anshan Panva Gas and Anshan Panva Gas will become a subsidiary of the Company.

### Consideration:

In accordance with the terms and conditions of the Asset Transfer Agreement, the consideration to be paid by Panriver Investments for 51% equity interests in Anshan City Gas shall be RMB70,490,000 (equivalent to approximately HK\$66,500,000), whereas Shanghai Investment will pay the sum of RMB41,470,000 (equivalent to approximately HK\$39,122,642) for 30% equity interests in Anshan City Gas.

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## LETTER FROM THE BOARD

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The total consideration of RMB111,960,000 (equivalent to approximately HK\$105,622,642) for the total 81% equity interests was determined after arms' length negotiations between Panriver Investments, Shanghai Investment and Anshan City Bureau, and was determined based on a valuation report on the assets of Anshan City Gas as at 30 June 2004 prepared by a qualified PRC property valuer. The net assets value of Anshan City Gas as at 30 June 2004 (excluding land currently leased by Anshan City Gas) was valued at approximately RMB138,220,000 (equivalent to approximately HK\$130,396,226).

### **Terms of payment of consideration:**

- a. within 10 Business Days from the Effective Date, Panriver Investments and Shanghai Investment shall each pay approximately 30% of their respective consideration (i.e. the respective sums of RMB21,150,000 (equivalent to approximately HK\$19,952,830) and RMB12,440,000 (equivalent to approximately HK\$11,735,849) to Anshan City Bureau;
- b. within 10 Business Days from all necessary governmental approvals having been obtained for the Asset Transfer Agreement, Panriver Investments and Shanghai Investment shall each pay approximately 40% of their respective consideration (i.e. the respective sums of RMB28,200,000 (equivalent to approximately HK\$26,603,773) and RMB16,590,000 (equivalent to approximately HK\$15,650,943)) to Anshan City Bureau; and
- c. the remainder of the consideration shall be paid by each of Panriver Investments and Shanghai Investment within 10 Business Days after obtaining the business registration of Anshan Panva Gas.

### **Effective Date:**

The parties have agreed with each other to procure that the Asset Transfer Agreement is duly registered with the relevant PRC governmental authorities and upon such condition precedent being satisfied, such date shall be the Effective Date.

### **FUNDING**

The consideration for the 51% equity interests in Anshan City Gas will be financed out of the internal resources of the Company.

### **INFORMATION ON ANSHAN CITY GAS AND ANSHAN CITY BUREAU**

Anshan City Bureau is a local government authority responsible for the public welfare of the city of Anshan, Liaoning Province, the PRC.

Incorporated in the PRC in 1919, Anshan City Gas is currently a state-owned enterprise wholly owned by Anshan City Bureau, the principal business of which includes the provision of gas fuel, investment in, operation and management of the piped gas network of the city of Anshan.



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## LETTER FROM THE BOARD

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Anshan Panva Gas shall have thirty (30) years exclusive operation rights in the city of Anshan from the date of its establishment for the provision of gas fuel, investment in, operation and management of the piped gas network to the city of Anshan.

As at 30 June 2004, Anshan City Gas had net assets of approximately RMB138,220,000 (equivalent to approximately HK\$130,396,226). The net losses before and after taxation and extraordinary items for the year ended 31 December 2002 were RMB11,827,000 (equivalent to approximately HK\$11,157,547). The net losses before and after taxation and extraordinary items for the year ended 31 December 2003 were RMB23,419,000 (equivalent to approximately HK\$22,093,396).

### **REASONS FOR ENTERING INTO THE ASSET TRANSFER AGREEMENT**

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 the circumstances, the entering of the Asset Transfer Agreement will allow the Company to enhance its earnings and assets base. Anshan is the third largest city in the province of Liaoning, PRC with a current population of approximately 3.6 million people. The acquisition marks the third city in northeastern PRC after the cities of Changchun and Qiqihar for the Company and is therefore in line with the business strategy of the Company. The Board expects that, with its proven track record in managing this kind of business and the fact that it has 30 years' right of exclusive operation, it would be able to turnaround Anshan Panva Gas and thus make a profit contribution to its shareholders. However, the Board does not expect the Asset Transfer Agreement will have any immediate material impact on either the earnings or the assets and liabilities of the Company, upon completion.

The Board (including its independent non-executive Directors) believes that the Asset Transfer Agreement was entered into upon normal commercial terms. In addition, the Board (including its independent non-executive Directors) consider that the terms of the Asset Transfer Agreement are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

### **GENERAL**

The entering into Asset Transfer Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

Your attention is drawn to the general information as set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**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 Company. 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 opinions 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

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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were 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:

### (a) Interests and short positions in shares of the Company

Name of Directors	Interest in shares Long positions/(Short positions)		Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest/(Short positions)	Approximate percentage of the Company's issued share capital
	Beneficial owner	Interest of controlled corporations				
Chen Wei	4,160,000	-	4,160,000	8,040,000	12,200,000	1.29%
Cheung Hon Kit	-	-	-	800,000	800,000	0.08%
Ge Ming	-	-	-	800,000	800,000	0.08%
Li Fujun	1,000,000	-	1,000,000	2,600,000	3,600,000	0.38%
Li Xiao Ru	-	-	-	800,000	800,000	0.08%
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%)
			<i>(Note)</i>			
Shen Lian Jin	-	-	-	2,300,000	2,300,000	0.24%
Tang Yui Man Francis	5,440,000	-	5,440,000	3,960,000	9,400,000	1.00%
Zhang Keyu	-	-	-	2,000,000	2,000,000	0.21%

*Note:*

The 556,871,587 shares represent (i) 381,298,462 shares held by Kenson Investment Limited (“Kenson”), a wholly-owned subsidiary of Sinolink. 59.49% 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 of the Company 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.

**(b) Directors’ interest in share options granted by the Company**

Pursuant to the Company’s share option scheme, the Company has granted options to subscribe for the shares of the Company in favour of certain Directors, details of which as at the Latest Practicable Date 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%
	19.11.2004	31.12.2005 – 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	1,200,000	0.13%
Cheung Hon Kit	19.11.2004	31.12.2005 – 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	320,000	0.03%
Ge Ming	19.11.2004	31.12.2005 – 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	320,000	0.03%
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%
Li Xiao Ru	19.11.2004	31.12.2005 – 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	320,000	0.03%

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
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%
	19.11.2004	31.12.2005 – 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	800,000	0.08%
Tang Yui Man Francis	13.11.2001	13.11.2002 – 13.02.2007	0.940	960,000	0.10%
	19.11.2004	31.12.2005 – 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	1,200,000	0.13%
Zhang Keyu	19.11.2004	31.12.2005 – 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2006 – 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2007 – 30.03.2011	3.500	800,000	0.08%

*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 interests held by the Directors as beneficial owners.

**(c) Interests in shares and underlying shares in associated corporations**

Name of Director	Name of associated corporations	Interest in shares			Total interest in shares	Interest in underlying shares pursuant to share options	Interest in underlying shares pursuant to derivative	Aggregate interest	Approximate percentage of the issued share capital of the associated corporation
		Interest of controlled corporations	Beneficial owner	Joint interest					
Ou Yaping	Sinolink	1,374,222,000	-	6,475,920	1,380,697,920	-	14,000,000	1,394,697,920	59.77%
	Enerchina	1,189,739,079	-	-	1,189,739,079	2,288,000	-	1,192,027,079	52.03%
Chen Wei	Sinolink	-	-	-	-	6,400,000	-	6,400,000	0.27%
Tang Yui Man Francis	Enerchina	-	-	-	-	22,880,000	-	22,880,000	1.00%

*Notes:*

1. These shares and underlying shares are held by Asia Pacific which is legally and beneficially wholly owned by Mr. Ou Yaping.
2. The 1,189,739,079 shares in Enerchina represent the aggregate of: (i) the 613,946,270 shares held by Sinolink (Mr. Ou Yaping through his wholly-owned company, Asia Pacific, holds approximately 59.49% 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 575,792,809 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.

**(d) Interests in options to subscribe for shares of associated corporations**

Pursuant to the share option schemes of the relevant associated corporations, certain Directors were granted options to subscribe for the shares of the relevant associated corporations, details of which as at the Latest Practicable Date are as follows:

Name of Directors	Name of associated corporations	Date of grant	Exercise period	Exercise price HK\$	Number of share subject to outstanding options as at the Latest Practicable Date	Approximate percentage of the issued share capital of the associated corporation
Chen Wei	Sinolink	14.03.2002	01.12.2002 – 01.12.2005	0.56	6,400,000	0.27%
Ou Yaping	Enerchina	09.06.2004	09.06.2004 – 08.06.2014	0.44	2,288,000	0.10%
Tang Yui Man Francis	Enerchina	09.06.2004	09.06.2004 – 08.06.2014	0.44	22,880,000	1.00%

*Notes:*

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. These options represent personal interests held by the Directors as beneficial owners.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executives of the Company (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

At the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following person(s) or corporations (not being a Director or chief executive of the Company), 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 of the Company

Name of shareholders	Capacity	Interest in shares of the Company Long positions/ (short positions)	Interest in underlying shares pursuant to debentures	Aggregate interest/ (short positions)	Approximate percentage of the Company's issued share capital
Kenson	Beneficial owner	381,298,462 (19,230,769) <i>(Note 1)</i>	– –	381,298,462 (19,230,769)	40.47% (2.04%)
Sinolink	Interest of controlled corporation	550,789,987 (19,230,769)	– –	550,789,987 (19,230,769)	58.45% (2.04%)
Asia Pacific	Interest of controlled corporation and beneficial owner	556,871,587 (19,230,769)	– –	556,871,587 (19,230,769)	59.10% (2.04%)
Deutsche Bank Aktiengesellschaft	Beneficial owner	72,475,282	–	72,475,282	7.69%
Value Partners Limited	Investment manager	48,000,000 <i>(Note 2)</i>	–	48,000,000	5.09%
Cheah Cheng Hye	Interest of controlled corporation	48,000,000 <i>(Note 2)</i>	–	48,000,000	5.09%
Hutchison International Limited	Beneficial owner	38,461,538	19,230,769	57,692,307 <i>(Note 3)</i>	6.12%
Hutchison Whampoa Limited	Interest of controlled corporation	38,461,538	19,230,769	57,692,307 <i>(Note 3)</i>	6.12%
Cheung Kong (Holdings) Limited	Interest of controlled corporation	38,461,538	19,230,769	57,692,307 <i>(Note 4)</i>	6.12%
Li Ka-Shing Unity Trustee Company Limited	Trustee	38,461,538	19,230,769	57,692,307 <i>(Note 4)</i>	6.12%
Li Ka-Shing Unity Trustcorp Limited	Trustee and beneficiary of a trust	38,461,538	19,230,769	57,692,307 <i>(Note 4)</i>	6.12%
Li Ka-Shing Unity Trustee Corporation Limited	Trustee and beneficiary of a trust	38,461,538	19,230,769	57,692,307 <i>(Note 4)</i>	6.12%
Li Ka-shing	Interest of controlled corporation and as founder of discretionary trusts	38,461,538	19,230,769	57,692,307 <i>(Note 4)</i>	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. These 48,000,000 shares are held by Value Partners Limited, a company which is held by 31.82% by Mr. Cheah Cheng Hye. Accordingly, Mr. Cheah Cheng Hye is deemed to be interested in these shares of the Company.
3. 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.

4. 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 being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TDT1, TDT2, TUT1 and Cheung Kong is 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, as at the Latest Practicable Date, the Directors are not aware of any other persons or corporation having an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### 4. DIRECTORS' 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

At the Latest Practicable Date, so far as the Directors are aware, none of the Directors or any of their respective associates, are 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

At the Latest Practicable Date, so far as the Directors are aware, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 appointed pursuant to Rule 5.19 of the GEM Listing Rules is Mr. Li Fujun, an executive Director.
- (e) The company secretary of the Company is Mr. Lo Tai On, member of the Hong Kong Institute of Certified Public Accountants.
- (f) The qualified accountant of the Company appointed pursuant to Rule 5.15 of the GEM Listing Rules is Mr. Yu Man To, Gerald, MBA, CPA (Aus.), CPA. Mr. Yu holds a Bachelor's degree in Business and a Master's degree in Business Administration and is a certified practising accountant in Australia and a 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, whose brief biographical details 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' experience in real estate development, the 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., Skynet (International Group) Holdings Limited and Innovo Leisure Recreation Holdings Limited. He has been an independent non-executive Director of the Company since January 2001.

Mr. Li Xiao Ru, aged 47, is an independent non-executive Director of the Company. He was educated at Shanghai Foreign Language University in the PRC and received his Bachelor of Arts from Columbia University, the United States of America and Jurist Doctor from New York University, the United States of America. Prior to joining Morrison & Foerster, he worked at major international law firms in both New York and Hong Kong and became a partner at the Hong Kong office of Morrison & Foerster 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 of the Company since April 2003.

Mr. Ge Ming, aged 53, is an independent non-executive Director of the Company. Mr. Ge has more than 22 years' experience in accounting and financial management. Mr. Ge holds a Master's 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 is an executive director from CCAFMS side in CCAFMS – E & Y Management Services Limited and has distinctive knowledge of the business regulatory environment in the PRC as well in Hong Kong. Mr. Ge has not held any directorship in other publicly listed companies in the past three years. He has been an independent non-executive Director of the Company since September 2004.

- (h) The English text of this circular shall prevail over the Chinese text in case of inconsistency.