

## STATEMENT OF ACTIVE BUSINESS PURSUITS

The following information sets out the active business pursuits undertaken by the Group during the period from 1 January 2003 to the Latest Practicable Date:

	Year ended 31 December 2003	Year ended 31 December 2004	1 January 2005 to the Latest Practicable Date
<b>Corporate Development and Investments</b>	<p>Enric Compressor injected approximately RMB7.3 million in its fixed assets and construction-in-progress. It also expended approximately RMB1.9 million as to following aspects:</p> <p>(i) developed the vehicle and skid-mounted type S and type W special-purpose compressor series, air-cooling natural gas compressors and water-and-air-cooling natural gas compressor</p> <p>(ii) constructed facilities for polishing process using shot-blasting metal pellets and spray painting to improve product quality</p> <p>(iii) purchased six units of CNC milling machines to enhance product quality and increase productivity</p> <p>(iv) purchased three dimensional CAD software and related equipment to improve its product design capability</p> <p>(v) improved the facilities of the technology centre and related departments</p>	<p>The Group injected approximately RMB32.2 million in its fixed assets and construction-in-progress. It also expended approximately RMB4.2 million as to following aspects:</p> <p>(i) increased its existing power supply capacity from 1,000 KVA to 3,500 KVA in order to ensure ready power supply</p> <p>(ii) purchased additional CNC milling machines and processing systems</p> <p>(iii) developed single row type V natural gas compressor with large piston power to upgrade the discharge capacity, simplify the structure and improve performance stability</p> <p>(iv) increased its existing power supply capacity from 1,800 KVA to 4,650 KVA for its production facilities</p>	<p>The Group injected approximately RMB7.4 million in its fixed assets and construction-in-progress. It also expended approximately RMB2.4 million as to the following aspects:</p> <p>(i) purchased vacuum machineries, and shot-blasting metal pellets blasting facilities and other production and examination facilities to enhance the production capabilities and the standard of CNG and LNG products, and the outer appearance of chemical material storage and transportation equipment</p> <p>(ii) enhanced existing models of LNG container and cryogenic liquid storage and transportation equipment, including different types of LNG storage tanks, and LNG mother-daughter storage tanks and liquid ammonia tank truck and liquid nitrogen tank truck</p> <p>(iii) developed LCNG refueling station</p> <p>(iv) improved the design of CNG hydraulic daughter refueling station</p>

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**Year ended  
31 December 2003**

**Year ended  
31 December 2004**

**1 January 2005 to the  
Latest Practicable Date**

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| <p>(v) developed LNG containers and large size LNG mother-daughter storage tanks</p> <p>(vi) improved the adaptability and optimised the operating system of the hydraulic daughter refueling stations</p> <p>(vii) purchased ANSY design software to upgrade the standard of design and safety of products</p> | <p>(v) developed 11 models of natural gas compressors</p> <p>(vi) constructed new testing platform for compressors and compressor assembly workshop</p> <p>(vii) developed double axle high pressure gas trailer and double and triple axles cryogenic liquid trailer and chemical storage tank truck</p> |
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Enric Integration, which is to carry out the business of providing integrated business solutions, was established on 28 December 2004

### **Research and development**

#### *Compressors*

#### **I. Existing products**

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| <p>(i) Improved the control functions of the type S and type W special-purpose compressor, where the new airend was developed to carry out five stages of compression; re-designed the piston ring; and enhanced the noise reduction capability;</p> | <p>(i) Improved the start-up system for the general-purpose compressor to upgrade its safety and performance stability</p> <p>(ii) Improved the working life of the piston ring for special-purpose compressors</p> <p>(iii) Re-designed the casing and improved the air-cooling system for type S special-purpose compressors</p> |
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	Year ended 31 December 2003	Year ended 31 December 2004	1 January 2005 to the Latest Practicable Date
II. New products			
1. Gas compressor series	(i) Developed various models of natural gas compressors for mother refueling station, daughter refueling station and standard refueling station	(i) Developed single row type V natural gas compressor with 6.5 tonnes piston force  (ii) Developed natural gas compressors of different specifications and standards and gas refueling station products to expand the variety and functionality under the series	Developed 11 models of natural gas compressor:  (i) Developed one model of type V skid-mounted natural gas compressor for use in mother refueling station  (ii) Developed five models of type W natural gas compressor for use in mother refueling station  (iii) Developed two models of type W natural gas compressor for use in standard refueling station  (iv) Developed two models of type V skid-mounted natural gas compressor for use in daughter refueling station  (v) Developed one model of type W skid-mounted natural gas compressor for use in daughter refueling station
2. Special-purpose compressor series	(i) Developed special-purpose compressors fitted on vehicles or mounted on skid	(i) Developed gas compressor for use in the oil fields	
3. General-purpose compressor series	(i) Developed screw compressors which are mobile, fitted on vehicles or mounted on skid	(i) Created new models of screw compressors under the series	

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<i>Pressure Vessels</i>				
1. Seamless pressure cylinder storage and transportation equipment series		(i) Began utilising the patented revolving and shaping techniques to process the pressure cylinders and self-made screw thread lathe		(i) Developed seamless pressure cylinder and gas storage group for CNG using domestically produced seamless steel pipes  (ii) Developed CNG binding cylinders trailer  (i) Enhanced existing models of developed double axle high pressure gas trailer
2. Cryogenic liquid storage and transportation equipment series		(i) Developed LNG container  (ii) Developed LNG storage tank and LNG trailer  (iii) Developed LNG mother-daughter storage tank series		(i) Enhanced existing models of LNG container and cryogenic liquid storage and transportation equipment series, including various 100-150 m <sup>3</sup> LNG storage tanks, 1,500 m <sup>3</sup> , 5,000 m <sup>3</sup> LNG mother daughter storage tanks, liquid ammonia tank truck and liquid nitrogen tank truck  (ii) Developed double and triple axles cryogenic liquid trailer
3. Chemical material and equipment storage and transportation series		(i) Added gas shield welding facilities and improved welding techniques		(i) Developed double and triple axles chemical storage tank truck

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	Year ended 31 December 2003	Year ended 31 December 2004	1 January 2005 to the Latest Practicable Date
<i>Integrated business solutions</i>			
1. Integrated business solutions for city gas projects		<ul style="list-style-type: none"> <li>(i) Developed pressure-regulating box for implementation of the use of natural gas in cities and towns</li> <li>(ii) Developed CNG hydraulic daughter refueling station and gas daughter refueling station trailers</li> </ul>	<ul style="list-style-type: none"> <li>(i) Designed proprietary control system for the hydraulic CNG daughter refueling station to enhance the performance</li> <li>(ii) Completed the preliminary system design for LCNG refueling station system</li> <li>(iii) Improved the performance of CNG daughter refueling station trailer by enhancing the stability of the lifting function of the trailer</li> </ul>

**Products launched**

The Group launched the following new or modified products in accordance with the Group's customers' demands and specifications:

*Compressors*

1. Gas compressor series	<ul style="list-style-type: none"> <li>(i) five models of oil-free lubricated low noise natural gas compressor</li> <li>(ii) three models of type V natural gas compressor</li> <li>(iii) two models of type V and type W natural gas cylinder-refilling compressor</li> <li>(i) two models of oil-free lubricated nitrogen compressor</li> <li>(ii) carbon dioxide compressor</li> </ul>	<ul style="list-style-type: none"> <li>(i) 11 models of type V and type W natural gas compressor</li> </ul>	<p>11 models of natural gas compressors:-</p> <ul style="list-style-type: none"> <li>(i) five models of type W natural gas compressor for use in mother refueling station</li> <li>(ii) two models of type V skid-mounted natural gas compressor for use in daughter refueling station</li> <li>(iii) one model of type V skid-mounted natural gas compressor for use in mother refueling station</li> <li>(iv) two models of type W natural gas compressor for use in standard refueling station</li> <li>(v) one model of type W skid-mounted natural gas compressor for use in daughter refueling station</li> </ul>
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	Year ended 31 December 2003	Year ended 31 December 2004	1 January 2005 to the Latest Practicable Date
2. Special-purpose compressor series	<ul style="list-style-type: none"> <li>(i) five models of screw air compressor</li> <li>(ii) oil-free lubricated and baseless air compressor</li> </ul>	<ul style="list-style-type: none"> <li>(i) Four models of oil-free lubricated air compressor</li> <li>(ii) hydrogen pressurising skid-mounted compressor</li> <li>(iii) air compressor fitted on vehicle</li> </ul>	
3. General-purpose compressor series		<ul style="list-style-type: none"> <li>(i) five models of screw compressor</li> <li>(ii) 19 models of general-purpose compressor</li> </ul>	
<i>Pressure vessels</i>		<ul style="list-style-type: none"> <li>(i) LNG storage tank</li> <li>(ii) LNG mother-daughter storage tank</li> </ul>	<ul style="list-style-type: none"> <li>(i) Double axle high pressure gas trailer and double and triple axles cryogenic liquid trailer and chemical storage tank truck</li> </ul>
<b>Awards, Licences, Permits, and Certificates</b>			
<i>Compressors</i>	<ul style="list-style-type: none"> <li>(i) Manufacturing Licence for Industrial Products in the PRC – screw compressor</li> <li>(ii) Manufacturing Licence for Industrial Products in the PRC – stationary reciprocating piston air compressor</li> <li>(iii) Licence to Operate Radioactive Equipment</li> <li>(iv) Anhui Province’s Excellent Technological Private Enterprise</li> <li>(v) Anhui Province’s New Product Award in 2003</li> </ul>	<ul style="list-style-type: none"> <li>(i) Bengbu City’s Science and Technology First Class Award</li> <li>(ii) Anhui Province’s Famous Brand Award</li> <li>(iii) Certificate of Approval for Measurement Examination System (2nd tier)</li> </ul>	<ul style="list-style-type: none"> <li>(i) Appraisal Certificate for Science and Technology Achievement of Anhui Province</li> <li>(ii) Anhui Province’s Excellent Technological Private Enterprise</li> </ul>

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<i>Pressure Vessels</i>	(i) Design Permit for Pressure Vessel in the PRC for classes A1, A2, C2, C3 and SAD	(i) Manufacturing Licence for Pressure Vessel in the PRC for classes A1, A2, B1, C2 and C3  (ii) Certificate of registration for manufacturing of seamless pressure cylinder (DOT 3AAX) issued by the Ministry of Commerce, Industry and Energy of Korea  (iii) Licence to Operate Radioactive Equipment	(i) Certificate for domestic products with compulsory product certification  (ii) Chinese Customers Quality and Service Satisfaction Entity

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	Year ended 31 December 2003	Year ended 31 December 2004	1 January 2005 to the Latest Practicable Date
<b>Sales and marketing</b>	<p>1. The Group advertised on four websites which included portal websites, bidding websites and professional websites</p> <p>2. The Group advertised in the following professional magazines and journals:</p> <p>(i) General Mechanics (通用機械)</p> <p>(ii) Urban Gas (城市燃氣)</p> <p>(iii) Gas &amp; Heat (煤氣與熱力)</p> <p>(iv) Petrochemical Equipment Catalogue (石油化工設備採購專輯)</p>	<p>1. The Group advertised on nine websites which included portal websites, bidding websites and professional websites</p> <p>2. The Group advertised in the following professional magazines and journals:</p> <p>(i) General Mechanics (通用機械)</p> <p>(ii) Liquid Mechanics (流體機械)</p> <p>(iii) Compressor Technology (壓縮機技術)</p> <p>(iv) PRC Natural Gas Vehicles (中國天然氣汽車)</p> <p>(v) Gas &amp; Heat (煤氣與熱力)</p>	<p>1. The Group conducted and participated in gas equipment industry exhibitions and conference held in Beijing, Shanghai, Tianjin, Shenyang, Chongqin and Xi'an</p> <p>2. The Group advertised in the following professional magazines and journals:</p> <p>(i) General Mechanics (通用機械)</p> <p>(ii) Liquid Mechanics (流體機械)</p> <p>(iii) Gas &amp; Heat (煤氣與熱力)</p> <p>(iv) China Chemical Engineering (中國化工)</p> <p>(v) Compressor Communication (壓縮機通訊)</p> <p>(vi) China Gas (中國氣體)</p> <p>(vii) Gas Information Guide (燃氣信息港)</p>



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Year ended 31 December 2003	Year ended 31 December 2004	1 January 2005 to the Latest Practicable Date
<p>3. The Group published an article in the magazine General Mechanics to raise the Group's profile and reputation</p>	<p>3. The Group participated in the gas equipment industry exhibitions held in Beijing and Wuhan</p>	<p>3. The Group conducted a conference to promote its new products which uses CNG</p>
<p>4. The Group attended and participated in gas equipment industry exhibitions held in Shanghai, Chongqing and Xi'an, including the Third Shanghai International Hydraulic Machinery Exhibition and the Shanghai Gas Exhibition</p>	<p>4. The Group advertised and promoted knowledge of its products through distribution of product catalogues respectively</p>	<p>4. The Group began exporting its skid-mounted CNG compressors to Pakistan</p>
<p>5. The Group commenced exporting its compressors to Sudan and Pakistan through its dealers</p>	<p>5. Enric Gas Equipment began exporting its seamless pressure cylinders pressure cylinders to Brazil and Korea</p>	<p>5. The Group advertised through outdoor advertisement and well-known internet search engine in China</p>