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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in EMER International Group Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**EMER**

**EMER International Group Limited**

埃謨國際集團有限公司\*

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

**(Stock code: 8149)**

**DISCLOSEABLE TRANSACTION**

**Financial Adviser to EMER International Group Limited**



**Quam Capital Limited**

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This circular will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days and on the website of the Company at [www.emergroup.com](http://www.emergroup.com) on a continuous basis for at least 5 years from the date of its posting.

\* For identification purposes only

4 January 2008

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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 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> .....	3
<b>APPENDIX - GENERAL INFORMATION</b> .....	7

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## DEFINITIONS

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

“AIM”	the market of that name operated by the London Stock Exchange
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Code”	The City Code on Takeovers and Mergers
“Company”	EMER International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“Gartmore”	Gartmore Investment Limited, a company registered in England & Wales with limited liability
“GBP”	Pounds Sterling, the lawful currency of UK, and the exchange rate for GBP into HK\$ for the purpose of this circular is GBP1.00 = HK\$15.80
“GEM”	Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GME”	Global Marine Energy plc, a company incorporated in England & Wales with limited liability, the shares of which are listed on the AIM
“GME Group”	GME and its subsidiaries
“GME Share(s)”	ordinary share(s) of 2.5 pence (equivalent to approximately HK\$0.40) each in the issued share capital of GME

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Latest Practicable Date”	2 January 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“London Stock Exchange”	London Stock Exchange plc
“Offer”	the voluntary conditional cash offer by the Company to acquire all issued GME Shares in accordance with the Code
“Offer Price”	the cash amount of 16 pence (equivalent to approximately HK\$2.53) payable by the Company for each GME Share under the Offer
“Sale Shares”	20,992,498 GME Shares acquired by the Company from Gartmore pursuant to the Share Acquisition
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Acquisition”	the acquisition of the Sale Shares by the Company from Gartmore on 18 December 2007
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom
“%”	per cent

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LETTER FROM THE BOARD

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**EMER International Group Limited**

埃謨國際集團有限公司\*

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

**(Stock code: 8149)**

*Executive Directors:*

Mr. Jiang Bing Hua  
Mr. Zhang Menggui  
Mr. Chen Yunqiang  
Mr. Zhang Hongru

*Non-executive Director:*

Mr. Jiang Longsheng

*Independent non-executive Directors:*

Mr. Chan Ngai Sang, Kenny  
Mr. Bian Junjiang  
Mr. Guan Zhichuan

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal  
place of business:*

Unit 1612, 16th Floor  
China Merchants Tower  
Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

4 January 2008

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

It was announced that on 18 December 2007, the Company purchased 20,992,498 GME Shares at 15.5 pence (equivalent to approximately HK\$2.45) each from Gartmore on the AIM. The Sale Shares represented approximately 28.7% of the issued share capital of GME. The total consideration (including trading expenses) for the Sale Shares was approximately GBP3.3 million (equivalent to approximately HK\$52.1 million).

\* For identification purposes only

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## LETTER FROM THE BOARD

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The Share Acquisition constitutes a “discloseable transaction” of the Company under Chapter 19 of the GEM Listing Rules. There were no prior transactions between the Company and Gartmore and its ultimate beneficial owners which may require aggregation under Rule 19.22 of the GEM Listing Rules.

The purpose of this circular is to provide you with, among other things, details of the Share Acquisition.

### **THE SHARE ACQUISITION**

On 18 December 2007, the Company purchased 20,992,498 GME Shares at 15.5 pence (equivalent to approximately HK\$2.45) each from Gartmore on the AIM. Based on 73,074,952 GME Shares in issue as at the Latest Practicable Date, the Sale Shares represented approximately 28.7% of the issued share capital of GME.

The total consideration (including trading expenses) for the Sale Shares was approximately GBP3.3 million (equivalent to approximately HK\$52.1 million). The consideration was financed by the Group’s internal resources.

The seller of the Sale Shares was Gartmore, an asset management firm in the UK. According to the dealing notification filed by Gartmore on the London Stock Exchange website on 7 November 2007, it had 20,992,498 GME Shares, representing the entire Sale Shares. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Gartmore and its ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons.

### **Reasons for and Benefits of the Share Acquisition**

As announced in the Company’s announcements dated 12 and 24 October 2007 and 8 and 14 November 2007, the Company has proposed a voluntary conditional cash offer to acquire the entire issued and to be issued share capital of GME at an Offer Price of 16 pence (equivalent to approximately HK\$2.53) per GME Share. It was announced that the Company has received an irrevocable undertaking from Gartmore in respect of voting rights to all GME Shares that it was then able to exercise or control the exercise of, and any other shares or securities it may acquire in the capital of GME to accept the Offer when made.

The Share Acquisition allows the Company to secure the aforesaid shareholding interest of Gartmore in GME prior to the Offer is made and in spite of the Offer may not become unconditional as to acceptances and lapses. The Share Acquisition also enables the Company to acquire Gartmore’s shareholding interest in GME at an approximately 3.1% discount to the Offer Price. Therefore, the Directors consider that the Share Acquisition was fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Impact of the Share Acquisition on the Group**

Pursuant to the Share Acquisition, GME will become an associate of the Company. The Company's interest in GME will be recorded using the equity method of accounting in the Group's accounts. The Company's share of the post acquisition results of GME will be recognised in the Group's consolidated income statement. The Share Acquisition is not expected to have a material impact on the consolidated net asset value of the Group immediately upon completion.

### **Information on the GME Group**

#### *Overview*

GME is a company incorporated in England & Wales with limited liability. The GME Group is principally engaged in the design and production of specialised mechanical handling equipment for the oil industry.

The major product line of the GME Group is the mechanical handling equipment for offshore rigs, such as drill pipe handling system, casing handling, bop handling, iron roughneck, subsea tree handling, derrick, kingpost crane and knuckle boom crane. GME is one of the major manufacturers for such products in the world.

#### *Financial information*

For the two years ended 31 March 2006 and 2007, the audited consolidated loss before and after taxation attributable to the Sale Shares amounted to approximately GBP0.6 million (equivalent to approximately HK\$9.5 million) and approximately GBP3.3 million (equivalent to approximately HK\$52.1 million) respectively based on UK accounting standards. As at 30 September 2007, the unaudited consolidated net liabilities value attributable to the Sale Shares was approximately GBP1.7 million (equivalent to approximately HK\$26.9 million) according to international accounting standards.

### **INFORMATION ON THE GROUP**

The Group is a product and service provider of onshore and offshore drilling rigs in oil and gas industries. It is principally engaged in the manufacture and sale of onshore and offshore drilling and handling equipment (such as drilling rig control systems, mud pumps and jacking control systems), oilfield supplies (including expendables and accessories for drilling rigs) and also the provision of turnkey solutions for offshore rigs.



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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
On Behalf of the Board  
**Jiang Bing Hua**  
*Executive Chairman*

## 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: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) 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

### (a) Interests of the directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were 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 were otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

#### Interests in Shares

Name of Director	Number of Shares held (long position)				Total	Approximate percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Mr. Zhang Menggui (Note 1)	432,000	–	136,871,200	–	137,303,200	35.04%
Mr. Jiang Bing Hua (Note 1)	432,000	–	136,871,200	–	137,303,200	35.04%
Mr. Zhang Hongru (Note 2)	4,431,600	–	16,228,800	–	20,660,400	5.27%
Mr. Chen Yunqiang	842,400	–	–	–	842,400	0.22%

#### Notes:

- The 136,871,200 Shares of corporate interests are held through Global Energy Investors, LLC, which is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Bing Hua. Accordingly, both Mr. Zhang Menggui and Mr. Jiang Bing Hua are deemed to be interested in the 136,871,200 Shares.
- The 16,228,800 Shares of corporate interests are held through Osbeck Investments Limited, a company wholly-owned by Mr. Zhang Hongru.

**Interests in underlying shares through equity derivatives**

<b>Name of Director</b>	<b>Date of grant</b>	<b>Exercisable period</b>	<b>Exercise price</b>	<b>Number of share options</b>
Mr. Zhang Menggui	19 October 2005	29 November 2005 to 28 November 2015	0.2383	3,024,000
Mr. Jiang Bing Hua	19 October 2005	29 November 2005 to 28 November 2015	0.2383	3,024,000
Mr. Chen Yunqiang	19 October 2005	29 November 2005 to 28 November 2015	0.2383	1,965,600
Mr. Zhang Hongru	19 October 2005	29 November 2005 to 28 November 2015	0.2383	1,814,400

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were 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 were otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

**(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the directors and chief executive of the Company, the following entity or person (other than directors or chief executive of the Company) had, an interest or short position in the Shares or underlying Shares 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 was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carry rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity and nature of interest	Number of shares/ underlying shares held	Approximate percentage of the Company's issued share capital
Madam Chen Fengying (Note 1)	Interest of the spouse	137,303,200 Shares and 3,024,000 share options	35.82%
Madam Zhang Jiuli (Note 2)	Interest of the spouse	137,303,200 Shares and 3,024,000 share options	35.82%
YRS Investments Limited (Note 3)	Corporate	42,800,000 Shares	10.92%
Yantai Raffles Shipyard Limited (Note 3)	Corporate	42,800,000 Shares	10.92%
Mr. Brian Chang (Notes 3)	Interest in a controlled entity	58,872,800 Shares	15.03%
Keywise Greater China Opportunities Master Fund (Note 4)	Corporate	38,164,000 Shares	9.74%
Keywise Capital Management (HK) Limited (Note 4)	Corporate	38,164,000 Shares	9.74%
NESTOR Investment Management S.A. (Note 5)	Corporate	22,828,000 Shares	5.83%
NESTOR Fernost Fonds (Note 5)	Corporate	22,828,000 Shares	5.83%
Madam Gao Haiping (Note 6)	Interest of the spouse	20,660,400 Shares and 1,814,400 share options	5.74%

*Notes:*

1. These interests represent the same block of Shares and share options held by Mr. Zhang Menggui as shown in the above section headed “Interests of the directors and chief executive of the Company”. Since Madam Chen Fengying is the spouse of Mr. Zhang Menggui, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.
2. These interests represent the same block of Shares and share options held by Mr. Jiang Bing Hua as shown in the above section headed “Interests of the directors and chief executive of the Company”. Since Madam Zhang Jiuli is the spouse of Mr. Jiang Bing Hua, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.
3. YRS Investments Limited (“YRSI”) is ultimately wholly-owned by Yantai Raffles Shipyard Limited (“YRS”), a company incorporated in Singapore and the shares of which are traded on the Oslo Over-the-Counter Market. Accordingly, YRS is deemed to be interested in 42,800,000 Shares held by YRSI.

YRS is owned as to approximately 45% by Mr. Brian Chang and his associates. Mr. Brian Chang is deemed to be interested in 42,800,000 Shares held by YRSI as he holds more than one-third interest of the issued share capital of YRSI. Mr. Brian Chang is also deemed to be interested in 16,072,800 Shares held through his wholly-owned subsidiary, Asian Infrastructure Limited.

4. Keywise Greater China Opportunities Master Fund is an investment fund registered in the Cayman Islands and is wholly-owned by Keywise Capital Management (HK) Limited, a company incorporated in Hong Kong.
5. NESTOR Investment Management S.A. held 22,828,000 Shares on behalf of NESTOR Fernost Fonds, an undertaking for collective investments under the Laws of the Grand Duchy von Luxembourg.
6. These interests represent the same block of Shares and share options held by Mr. Zhang Hongru as shown in the above section headed “Interests of the directors and chief executive of the Company”. Since Madam Gao Haiping is the spouse of Mr. Zhang Hongru, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.

Save as disclosed above, the directors and chief executive of the Company were not aware of any entities or persons (other than directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares 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 was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group as at the Latest Practicable Date.

### 3. COMPETING BUSINESS

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

### 4. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 5. DIRECTORS' SERVICE CONTRACTS

None of the Directors has a 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 obligations).

## 6. GENERAL

- (a) The company secretary of the Company is Ms. Cheung Wai Sze, Candy, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Mr. Wong Kin Ming, Terry, who is a Certified Practising Accountant (Australia) and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The compliance officer of the Company is Mr. Zhang Hongru.
- (d) The Company has established an audit committee which is responsible for reviewing and supervising the financial reporting process and internal control systems of the Group. The audit committee comprises three members, namely Mr. Chan Ngai Sang, Kenny (being the chairman of the committee), Mr. Bian Junjiang and Mr. Guan Zhichuan. All of them are independent non-executive Directors. Set out below are the biographical details of these Directors:

**Mr. Chan Ngai Sang, Kenny**, aged 43, was appointed as an independent non-executive Director in October 2005. Mr. Chan holds a bachelor degree in commerce from the University of New South Wales in Australia and is a member of the Institute of Chartered Accountants of New Zealand, the Association of International Accountants, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Chan currently also serves as a committee member of the Association of International Accountants Hong Kong Branch. He is a partner and founder of Kenny Chan & Co., a Certified Public Accountants firm and an independent non-executive director of Golding Soft Limited, a company listed on GEM.

**Mr. Bian Junjiang**, aged 65, was appointed as an independent non-executive Director in October 2005. Mr. Bian presently serves as the chairman of CGC Overseas Construction Company Limited (中地海外建設有限公司責任公司) and an independent director of CITIC Securities Co., Ltd. (中信證券股份有限公司). He has many years of working experience in accounting and economic analysis in petroleum organisations.

**Mr. Guan Zhichuan**, aged 48, was appointed as an independent non-executive Director in October 2005. Mr. Guan obtained a doctorate degree in engineering from the University of Petroleum (Beijing) (石油大學) in 1995 and pursued his research in the field of oil and gas drilling engineering and fluid mechanic. He presently serves as the vice president of the College of Petroleum Engineering of the China University of Petroleum (中國石油大學石油工程學院).

- (e) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at Unit 1612, 16th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (f) The share registrar and transfer office of the Company in the Cayman Islands is Bank of Bermuda (Cayman) Limited, P.O. Box 513 GT, Strathale House, North Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (g) The English text of this circular shall prevail over the Chinese text.