

FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 16th November, 2000 under the name of Panva Holdings Limited. The Company has established a place of business in Hong Kong at 25th Floor, Vicwood Plaza, 199 Des Voeux Road, Central, Hong Kong and on 12th January, 2001 was registered in Hong Kong as an overseas Company under Part XI of the Companies Ordinance. Mr. Ou has been appointed as agent of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. On 22nd March, 2001, the name of the Company was changed from Panva Holdings Limited to Panva Gas Holdings Limited. As the Company is incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution which comprises a memorandum of association and articles of association. A summary of various parts of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital

As at the date of incorporation of the Company, its initial authorised share capital was \$0.1 million divided into 1,000,000 Shares of \$0.10 each. On 16th November, 2000, one Share was allotted and issued to the initial subscriber and then transferred to Mr. Ou.

On 10th January, 2001, the one Share held by Mr. Ou in the Company was transferred to Kenson.

Pursuant to a resolution in writing of the sole shareholder of the Company dated 4th April, 2001, the authorised share capital of the Company was increased from \$0.1 million to \$200 million by the creation of an additional 1,999,000,000 Shares.

On 4th April, 2001, the Company allotted and issued in aggregate 104,999,999 Shares to Kenson credited as fully paid as consideration for the acquisition by the Company of the entire issued share capital of China PANVA from Sinolink. The Company further issue the Convertible Note for the amount of \$100 million to Supreme in consideration for the assignment from Sinolink to the Company of a loan in the amount of \$100 million (the "Loan") due and owing by China PANVA to Sinolink.

Assuming that the Placing becomes unconditional and the issue of the New Shares and the issue of Shares pursuant to the Capitalisation Issue mentioned herein are made, the authorised share capital of the Company will be \$200 million divided into 2,000,000,000 Shares and the issued share capital of the Company will be \$50 million divided into 500,000,000 Shares fully paid or credited as fully paid, with 1,500,000,000 Shares remaining unissued. Other than pursuant to the exercise of any options which may be granted under the Share Option Schemes or pursuant to the exercise of any conversion rights under the Convertible Note, there is no present intention to issue any part of the authorised but unissued share capital of the Company and, without the prior approval of the shareholders of the Company in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as aforesaid, there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Resolutions passed by the sole shareholder of the Company

On 4th April, 2001, resolutions of the sole shareholder of the Company were passed pursuant to which, inter alia:–

- (a) the authorised share capital of the Company was increased from \$100,000 to \$200 million by the creation of an additional 1,999,000,000 new Shares;
- (b) the Directors were authorised to (i) allot and issue, credited as fully paid 104,999,999 Shares to Kenson as consideration for the acquisition by the Company of the entire issued share capital of China PANVA and (ii) issue the Convertible Note to Supreme as consideration for the acquisition by the Company of the Loan and the Directors were further authorised to allot, issue and deal with Conversion Shares pursuant to the exercise of conversion rights under the Convertible Note;
- (c) conditional on the share premium account of the Company being credited as a result of the Placing, the sum of \$30 million was directed to be capitalised from the amount standing to the credit of the share premium account of the Company and the said sum be applied in paying up in full at par 300,000,000 Shares in the capital of the Company, such Shares to be allotted and issued, credited as fully paid at par, to Kenson;
- (d) conditional on the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares in issue and the Shares to be issued as mentioned herein and on the obligations of Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by Tai Fook Securities on behalf of the Underwriters) and not being terminated in accordance with the terms of that agreement or otherwise, in each case on or before 10th May, 2001 or such later date as Tai Fook Securities and the Company may agree, the Placing, Capitalisation Issue and the Over-allotment Option were approved and the Directors were authorised to allot and issue the New Shares and the Shares which may be required to be issued if the Over-allotment Option is exercised;
- (e) conditional on (i) the GEM Listing Committee of the Stock Exchange granting approval of the Share Option Schemes and the granting of any options thereunder and the granting of the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of any such option under the Share Option Schemes and the shares which may be required to be issued if the Over-allotment Option is exercised, and (ii) on the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by Tai Fook Securities on behalf of the Underwriters) and not being terminated in accordance with the terms of that

agreement or otherwise, the rules of the Share Option Schemes were approved and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of subscription rights under any options which may be granted under the Share Option Schemes and to take all such steps as they consider necessary or desirable to implement the Share Option Schemes;

- (f) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights or an issue of shares upon the exercise of any subscription rights attached to any warrants of the Company or pursuant to the exercise of any options which may be granted under the Share Option Schemes or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of the Company in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company or a specific authority granted by the shareholders of the Company in general meeting, Shares with an total nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue, such mandate to remain in effect until whichever is the earliest of:–
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws to be held; or
 - (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate;
- (g) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC in Hong Kong and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the total nominal amount of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue, such mandate to remain in effect until whichever is the earliest of:–
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws to be held; or

- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate;
- (h) the general unconditional mandate mentioned in paragraph (g) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (g) above provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue; and
- (i) the Company approved and adopted its existing Memorandum and Articles.

4. Corporate Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on GEM. China PANVA became the intermediate holding company and the Company became the ultimate holding company of the Group. The corporate reorganisation involved the following:–

- (a) On 10th March, 2000, China PANVA disposed of its entire interest in New Silver Development Limited by transferring 1 share of US\$1.00 held by it in New Silver Development Limited to Sinolink at the consideration of US\$1.00 for cash.
- (b) On 4th April, 2001, Sinolink was issued and allotted 12,820 shares in China PANVA for a total consideration of \$64.1 million which is payable by way of capitalising the shareholder's loan then owed by China PANVA to Sinolink in the amount of \$64.1 million.
- (c) On 4th April, 2001, the Company acquired the entire issued share capital of China PANVA from Sinolink in consideration for the allotment and issue of 104,999,999 Shares, credited as fully paid, to Kenson. The Company also acquired the loan in consideration of the issuance of the Convertible Note of \$100 million by the Company to Supreme.

5. Changes in the share capital of subsidiaries

The Company's subsidiaries are referred to in the accountants' report, the text of which is set out in Appendix I to this prospectus.

In addition to those mentioned in the section headed "Corporate Reorganisation" in this Appendix, the following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this prospectus:–

- (a) On 1st March, 1999, Wuhu Jiangbei PANVA was formed with a registered capital of RMB500,000.
- (b) On 13th September, 1999, Yangzi PANVA was formed with a registered capital of US\$7,230,000.
- (c) On 16th March, 1999, Sinolink Petrochemical Investment Limited was formed with an issued share capital of US\$1.00.
- (d) Following its incorporation on 16th March, 1999, one share of US\$1.00 each in Sinolink LPG Investment Ltd. was allotted and issued to China PANVA on 29th March, 1999.
- (e) Following its incorporation on 22nd June, 1999, one share of US\$1.00 each in Sinolink LPG Development Ltd. was allotted and issued to China PANVA on 29th June, 1999.
- (f) On 10th March, 2000, Panriver Investments Company Limited was formed with a registered capital of US\$30 million.
- (g) On 16th August, 2000, Nanjing PANVA was formed with a registered capital of RMB50 million.

6. Repurchase by the Company of its own securities

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) *Regulations of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, the most important of which are summarised below:–

- (i) Shareholders' approval

All repurchases of securities on GEM by a company with its primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to a written resolution of the sole shareholder of the Company passed on 4th April, 2001, a general unconditional mandate (the “Buyback Mandate”) was given to the Directors authorising any repurchase by the Company of Shares on GEM or on any other stock exchange recognised by the Securities and Futures Commission in Hong Kong and the Stock Exchange of up to 10% of the total nominal value of the share capital of the Company in issue immediately after completion of the Placing, at any time until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws to be held or the passing of an ordinary resolution of shareholders of the Company in general meeting revoking, varying or renewing such mandate, whichever occurs first.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

(b) *Exercise of the Buyback Mandate*

Exercise in full of the Buyback Mandate, on the basis of 500,000,000 Shares in issue immediately after listing of the Shares could accordingly result in up to 50,000,000 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the repurchase mandate by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

(d) *Funding of repurchases*

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(e) *General*

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the Buyback Mandate is exercised in full. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the GEM Listing Rules, the memorandum and the articles of association of the Company and the applicable laws of the Cayman Islands.

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so.

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

PARTICULARS OF INVESTMENT IN PRC

Schedule 1

Name	:	Panriver Investments Company Limited
Nature	:	Wholly foreign-owned enterprise
Total investment	:	US\$30 million
Registered Capital	:	US\$30 million (of which US\$7 million was paid and the balance of US\$23 million needs to be paid by 9th March, 2002 or such later date as approved by the relevant PRC government authority) (<i>Note 1</i>)
Name of Group member which is the shareholder of the enterprise	:	China PANVA
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	100%
Directors	:	Ou Yaping, Chen Wei, Lai Wen Guang, Lau Shi Wa, Xiong Jiang, Liu Fangye, Mo Shikang, Wang Hanyu, Shen Lianjin, Xue Guobin, Luo Lei
Term of the enterprise	:	50 years from 10th March, 2000 to 9th March, 2050
Pre-emption rights	:	Not applicable
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders

Note:

1. Approximately US\$5 million from the proceeds will be injected into this company for the project in Kunming and Changsha. It is expected that the Group's interests in all operating subsidiaries which amount to approximately US\$17 million will be transferred to this company as injection of capital. The remaining balance of US\$1 million will be financed by the Group's internal resources.

Schedule 2

Name	:	Changsha PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB100 million
Registered Capital	:	RMB40 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	60%
Name of the other joint venture partner	:	巴陵石化長嶺煉油化工總廠(現改名為中國石化集團長嶺煉油化工有限責任公司) (Baling Petrochemical Changling Refinery Company Limited, whose name has been changed to China Petrochemical Group Changling Refinery Co., Ltd.) (<i>Note 1</i>) (the “Changling Refinery Co., Ltd.”)
Directors	:	Chen Wei, Qiao Guorui, Luo Lei, Sun Wuying, Cao Pingjian, Zhu Yimin, Xiong Jiang, Song Fuan, Wen Zhicheng
Term of the enterprise	:	30 years from 16th January, 1998 to 16th January, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 3

Name	:	Changde PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB8 million
Registered Capital	:	RMB6 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited and Changsha PANVA
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	70% and 25%
Name of the other joint venture partner	:	湖南省石油總公司常德市公司 (Hunan Oil Company Changde Branch) (<i>Note 1</i>) (the “Changde Branch”)
Directors	:	Xiong Jiang, Liu Fangye, Yao Lihua, He Hanqing, Zhu Yimin
Term of the enterprise	:	30 years from 26th October, 1998 to 26th October, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 4

Name	:	Hengyang PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB8.5 million
Registered Capital	:	RMB6 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited and Changsha PANVA
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	60% and 40%
Directors	:	Xiong Jiang, Liu Fangye, Feng Keqiang, Luo Lei, Zhu Yimin
Term of the enterprise	:	30 years from 14th November, 1998 to 14th November, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 5

Name	:	Yongzhou PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB7 million
Registered Capital	:	RMB5 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	60%
Name of the other joint venture partner	:	湖南省石油總公司永州市公司 (Hunan Oil Company Yongzhou Branch) (<i>Note 1</i>) (the “Yongzhou Branch”)
Directors	:	Xiong Jiang, Liu Fangye, Sun Wuying, Yi Honghua, He Dingyu
Term of the enterprise	:	30 years from 18th December, 1998 to 17th December, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 6

Name	:	Chenzhou PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB12.5 million
Registered Capital	:	RMB9 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	55%
Name of the other joint venture partner	:	郴州市燃料貿易總公司 (Chenzhou General Fuel Trading Company) (<i>Note 1</i>) (the “Chenzhou Fuel Trading”)
Directors	:	Xiong Jiang, Liu Fangye, Sun Wuying, Zeng Yu, Li Guizhu, Liao Yong, Hou Qing Xian
Term of the enterprise	:	30 years from 16th July, 1998 to 15th July, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 7

Name	:	Yiyang PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB5 million
Registered Capital	:	RMB5 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	60%
Name of the other joint venture partner	:	Changling Refinery Co., Ltd.
Directors	:	Xiong Jiang, Liu Fangye, Jiang Junwu, He Hanqing, Zhu Yimin
Term of the enterprise	:	30 years from 13th August, 1998 to 12th August, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 8

Name	:	Xiangtan PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB10 million
Registered Capital	:	RMB10 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Singkong Investments Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	55%
Name of the other joint venture partner	:	湘潭市煤氣公司 (Xiangtan Gas Company) (<i>Note 1</i>) (the “Xiangtan Gas Company”)
Directors	:	Xiong Jiang, Liu Fangye, Xi Guanqiu, Zhang Yingchun, Yin Huahe, Zhu Yimin, Liu Xiaopin
Term of the enterprise	:	30 years from 17th June, 1998 to 16th June, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 9

Name	:	Wuhu PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB64 million
Registered Capital	:	RMB32 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Sinolink Power Investment Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	55%
Name of the other joint venture partner	:	蕪湖長江輪船公司 (Wuhu Jiangjiang Shipping Company) (<i>Note 1</i>) (the “Wuhu Jiangjiang Shipping Company”)
Directors	:	Lai Wen Guang, Zhang Zongfu, Luo Li, Chen Wei, Li Zongqi, Ou Yaping, Yao Ping, Lau Shi Wa, Xiong Jiang, He Hanqing, Liu Xihang, Qiao Changshi, Chen Aiping
Term of the enterprise	:	50 years from 25th March, 1998 to 24th March, 2048
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 10

Name	:	Nanling PANVA
Nature	:	有限責任公司 (PRC domestic limited Company) (<i>note 2</i>)
Total investment	:	Not applicable
Registered Capital	:	RMB2 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Wuhu PANVA
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	55%
Name of shareholder	:	南陵縣液化氣有限責任公司 (Nanling LPG Co., Ltd.) (<i>Note 1</i>) (the “Nanling LPG Co., Ltd”)
Directors	:	Shen Lianjin, Luo Li, Zhang Sihai, Tao Xiaoqing, Xu Benyi
Term of the enterprise	:	50 years from 20th August, 1998 to 19th August, 2048 (based on Clause 40.1 of the Joint Venture Contract)
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 11

Name	:	Wuhu Jiangbei PANVA
Nature	:	有限責任公司（國內合資）(PRC domestic limited Company) (<i>Note 2</i>)
Total investment	:	Not applicable
Registered Capital	:	RMB0.5 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Wuhu PANVA
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	51%
Name of shareholder	:	蕪湖市江北石油液化氣供應站 (Wuhu Jiangbei LPG Supply Station) (<i>Note 1</i>) (the “Wuhu Jiangbei LPG Supply Station”)
Directors	:	Shen Lianjin, Luo Li, Chen Wei, Jin Benshui, Zhao Liansheng
Term of the enterprise	:	20 years for 1st March, 1999 to 28th February, 2019 (based on Clause 41.1 of the Joint Venture Contract)
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 12

Name	:	Wuhu Sanpeng PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB2.5 million
Registered Capital	:	RMB2.3 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Wuhu PANVA
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	55%
Name of the other joint venture partner	:	蕪湖三朋液化氣化工能源有限公司 (Wuhu Sanpeng LPG Chemical & Energy Co., Ltd.) (Note 1) (the “Wuhu Sanpeng LPG Chemical”)
Directors	:	Shen Lianjin, Pang Jiade, Luo Li, Wang Yang, Cao Yihong
Term of the enterprise	:	15 years from 19th October, 1998 to 18th October, 2013
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 13

Name	:	Nanjing PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB60 million
Registered Capital	:	RMB50 million (of which RMB27.5 million has been paid by Panriver Investments Company Limited as its capital share of contribution and the balance of RMB22,500,000 will be settled by the PRC joint venture partner in the form of asset injection)
Name of Group member which is the shareholder of the enterprise	:	Panriver Investments Company Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	55%
Name of the other joint venture partner	:	南京市液化石油氣公司 (Nanjing LPG Company) (<i>Note 1</i>) (the “Nanjing LPG Company”)
Directors	:	Zhu Zi Qiang, Chen Wei, Lai Wen Guang, Luo Lei, Shen Lianjin, Zheng Yong Liang, Chen Zhouguang
Term of the enterprise	:	30 years from 16th August, 2000 to 15th August, 2030
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 14

Name	:	Guizhou PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	RMB20 million
Registered Capital	:	RMB16 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Sinolink International Investment (Group) Limited
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	50.1%
Name of the other joint venture partner	:	貴州市煤氣公司 (Guizhou Gas Company) (<i>Note 1</i>) (the “Guizhou Gas Company”)
Directors	:	Mo Shikang, Huang Youxing, Wang Hanyu, Zhu Yimin, Huang Jie, Tang Xiyong
Term of the enterprise	:	30 years from 25th December, 1998 to 24th December, 2028
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Schedule 15

Name	:	Yangzi PANVA
Nature	:	Sino-foreign equity joint venture
Total investment	:	US\$10.2 million
Registered Capital	:	US\$7.2 million (fully paid up)
Name of Group member which is the shareholder of the enterprise	:	Sinolink LPG Investment Ltd.
Percentage of equity interest owned by and share of profit and loss allocation of the relevant group member	:	50%
Name of the other joint venture partner	:	南京揚子石化煉化有限責任公司 (Nanjing Yangzi Petrochemicals Co., Ltd.) (<i>Note 1</i>) (the “Nanjing Yangzi Petrochemicals”)
Directors	:	Zhou Yimin, Lai Wen Guang, He Hanqing, Zhu Yimin, Zhou Xiaoben, Li Zihong, Wang Yubing, Li Chengfeng
Term of the enterprise	:	30 years from 13th September, 1999 to 12th September, 2029
Pre-emption rights	:	Disposal of shares by either shareholder is subject to pre-emption right of the other shareholder
Assets distribution on termination of joint venture	:	Any distribution of remaining assets after liquidation in accordance with law is to be made to the shareholders in accordance with their shareholding ratio in the company

Notes:

1. The English name of this company appearing in this schedule is only an English translation of its Chinese official name.
2. The English description of the nature of this company appearing in this schedule is only an English translation of its description in Chinese.

FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:—







- (a) an agreement in Chinese dated 30th May, 1999 between Singkong Investments Limited (盛港投資有限公司), Hunan Oil Company Changde Branch (“Changde Branch”) (湖南省石油總公司常德市公司) and Changsha PANVA whereby Changde Branch agreed to sell and Changsha PANVA agreed to purchase 25% of Changde Branch’s interests in Changde PANVA in consideration for cash payment of US\$1.00;
- (b) share transfer agreement dated 8th June, 1999 in relation to the transfer of 40% interest in Hengyang PANVA from 衡陽三興燃料公司 (Hengyang Sanxing Energy Co., Ltd.) to Changsha PANVA at the consideration of RMB2.4 million;
- (c) an agreement in Chinese dated 9th August, 1999 between Changling Refinery Co., Ltd., 盛港投資有限公司 Singkong Investments Limited and 益陽市萬通新能源開發有限公司 (Yiyang Wantong New Energy Development Co., Ltd.) (the “Wantong New Energy”) whereby Wantong New Energy agreed to sell 9% and 6% of the interests in Yiyang PANVA to Changling Refinery Co., Ltd. and Singkong Investments Limited in consideration for cash payment of US\$1.00 and of US\$1.00 respectively;
- (d) a deed dated 4th April, 2001 entered into between Sinolink and the Company whereby, Sinolink agreed to transfer the entire issued share capital of China PANVA in consideration of the Company’s allotment and issue of 104,999,999 Shares to Kenson, a wholly-owned subsidiary of Sinolink, credited as fully paid and Sinolink agreed to give certain warranties, undertaking and representation in favour of the Group which include, among other things, a non-competition undertaking as described in the section headed “Relationship with the Sinolink Group” in this prospectus.
- (e) an assignment dated 4th April, 2001 between Sinolink as assignor, the Company as assignee and China PANVA as debtor whereby Sinolink assigned to the Company the Loan in consideration of the issue by the Company of the Convertible Note to Supreme;
- (f) an underwriting agreement dated 9th April, 2001 entered into between the Company, the Underwriters, the Sponsor, the executive Directors and the Initial Management Shareholders referred to in the paragraph headed “Underwriting Agreement” in the section headed “Underwriting” of this prospectus;
- (g) agreement for the capitalisation of the shareholder’s loan in the amount of \$64.1 million due and owing by China PANVA to Sinolink in consideration for the issuance and allotment of 12,820 shares in China PANVA to Sinolink as evidenced by the application for shares of China PANVA dated 4th April, 2001 signed by Sinolink; and

- (h) a deed of indemnity dated 9th April, 2001 entered into between Sinolink and Kenson (together the “Warrantors”) and the Company, whereby the Warrantors agreed to give certain indemnities in favour of the Company being the indemnities referred to in the sub-paragraph headed “Estate Duty, Tax Indemnity and other Indemnities” under the paragraph headed “Other Information” in this Appendix.

2. Intellectual Property

As at the Latest Practicable Date, the Group had applied for registration of the following trademarks in respect of the classes of services specified below:

(a)	Trademark	Class (Note)	Applicant	Country of Registration	Filing Number	Expiration Date
	百江	6	China PANVA	PRC	1347083	20th December, 2009
	百江	39	China PANVA	PRC	1327285	20th October, 2009
	百江	37	China PANVA	PRC	1332342	6th November, 2009
	百江	35	China PANVA	PRC	1329855	27th October, 2009
	百江	11	China PANVA	PRC	1332003	6th November, 2009
	百江	4	China PANVA	PRC	1328046	27th October, 2009
	PANVA	4	China PANVA	PRC	1328045	27th October, 2009
	PANVA	11	China PANVA	PRC	1332002	6th November, 2009
	PANVA	37	China PANVA	PRC	1332340	6th November, 2009
	PANVA	39	China PANVA	PRC	1327283	20th October, 2009

(a)	Trademark	Class (Note)	Applicant	Country of Registration	Filing Number	Expiration Date
		4	China PANVA	PRC	1328044	27th October, 2009
		6	China PANVA	PRC	1347082	20th December, 2009
		11	China PANVA	PRC	1341889	6th December, 2009
		35	China PANVA	PRC	1329856	27th October, 2009
		37	China PANVA	PRC	1332341	6th November, 2009
		39	China PANVA	PRC	1327284	20th October, 2009

Notes:

- (1) The numbers of the class represent the product or service categories in which the trademark has been registered.
- (2) The detailed product or service categories corresponding to these numbers is clearly listed in the certificate issued to the Group by the Trademark Bureau under the State Industrial and Commercial Bureau of the PRC.

The major domain names specified below are registered in the names of members of the Group:

Domain Names	Registrant	Registration Date	Expiration Date
china-panva.com	China PANVA	23rd November, 1999	23rd November, 2001

FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND STAFF

1. Directors

Disclosure of Interests

Mr. Ou is the Chairman and an executive director of Sinolink, the indirect holding company of the Company.

- (a) Immediately following completion of the Placing, the Capitalisation Issue and the Distribution, the beneficial interests of the Directors in the share capital of the Company or any of its associated corporations (within the meaning of the SDI

Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are taken or deemed to have taken under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) once the Shares are listed, or will be required, pursuant to section 29 of the SDI Ordinance, to be entered in the register required to be kept therein once the Shares are listed, or will be required pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange once the Shares are listed as follows:

Name of Company	Name of Director	Nature of Interest	Number of Shares	Approximate Percentage of Interest
Panva Holdings Limited	Mr. Ou	Corporate (note 1)	389,800,000	77.96%
Panva Holdings Limited	Mr. Ou	Corporate (note 2)	10,066,960	2.01%
Total			<u>399,866,960</u>	<u>79.97%</u>

Notes:

- (1) these Shares are held by Kenson, a company incorporated in the British Virgin Islands in which Mr. Ou, through Asia Pacific Promotion, has an indirect interest of 66.23%. Mr. Ou was deemed (by virtue of the SDI Ordinance) to be interested in these Shares.
- (2) these Shares are held by Asia Pacific Promotion which is legally and beneficially owned by Mr. Ou.

(b)

Name of Associated Corporation	Number and Class of Securities	Category of Interest
Kenson Investment Limited	1 ordinary share	Corporate (note)
Sinolink Worldwide Holdings Limited	1,006,800,000 ordinary shares	Corporate (note)
Asia Pacific Promotion Limited	1 ordinary share	Personal (note)

Note: These securities are held by Kenson, Sinolink and Asia Pacific Promotion in which Mr. Ou is entitled to control the exercise of one third or more of the voting power at their general meetings and therefore Mr. Ou is deemed (by virtue of the SDI Ordinance) to be interested in these securities.

Certain Directors have been granted options in respect of Shares under the Pre-Listing Share Option Plan described in the section headed “Pre-Listing Share Option Plan” below. The options granted under the Pre-Listing Share Option Plan, including the options granted to Directors, are set out in the sub-paragraph headed (“Summary of the terms of the Pre-Listing Share Option Plan”) of the paragraph headed “Share Options” in Appendix V of this prospectus.

- (c) Immediately following completion of the Placing, the Capitalisation Issue and the Distribution, so far as the Directors are aware and taking no account of Shares which may be taken up pursuant to the Placing, the persons (other than the Director, chief executive of the Company) who will be directly or indirectly interested in 10% or more of the Shares then in issue will be as follows:–

Name of shareholder of the Company	Number of Shares	Approximate percentage of Shareholding
Kenson Investment Limited (<i>note</i>)	389,800,000	77.96%
Sinolink Worldwide Holdings Limited	389,800,000	77.96%
Asia Pacific Promotion Limited	399,866,960	79.97%

Note: The Shares in which Kenson is shown as being interested are included in and duplicate with those Shares held by Sinolink and Asia Pacific Promotion.

As Kenson is a wholly-owned subsidiary of Sinolink, Sinolink is taken to have an interest in the shares held by Kenson in the Company.

- (d) Immediately following completion of the Placing, the Capitalisation Issue and the Distribution, so far as the Directors are aware and taking no account of Shares which may be taken up pursuant to the Placing, the holders of 10% or more of the voting power at general meetings of the subsidiaries of the Company (other than members of the Group) will be:–

Name of subsidiary of the Company	Name of holder	Percentage of Shareholding
(a) Changsha PANVA	Changling Refinery Co., Ltd	40.0%
(b) Yongzhou PANVA	Youngzhou Branch	40.0%
(c) Chenzhou PANVA	Chenzhou Fuel Trading	45.0%
(d) Yiyang PANVA	Changling Refinery Co., Ltd.	40.0%
(e) Xiangtan PANVA	Xiangtan Gas Company	45.0%
(f) Wuhu PANVA	Wuhu Changjiang Shipping Company	45.0%
(g) Nanling PANVA	Nanling LPG Co., Ltd.	45.0%
(h) Wuhu Jiangbei PANVA	Wuhu Jiangbei LPG Supply Station	49.0%
(i) Wuhu Sanpeng PANVA	Wuhu Sanpeng LPG Chemical	45.0%
(j) Nanjing PANVA	Nanjing LPG Company	45.0%
(k) Guizhou PANVA	Guizhou Gas Company	49.9%
(l) Yangzi PANVA	Nanjing Yangzi Petrochemicals	50.0%

- (e) Save as disclosed herein but taking no account of any Shares which may be issued pursuant to the Over-allotment Option and the exercise of options granted or to be granted under the Share Option Schemes or the exercise of the conversion rights attached to the Convertible Note, the Directors are not aware of any person who will immediately following completion of the Placing, the Capitalisation Issue and the Distribution be directly or indirectly interested in 10% or more of the Shares then in issue or equity interest in any member of the Group representing 10% or more of the equity interest in such company.

2. Particulars of service agreements

- (a) Each of Mr. Chen Wei, Mr. Lai Wen Guang and Mr. Li Fujun has entered into a service agreement with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:–
- (i) each service contract is of three years duration commencing on 1st April, 2001 and shall continue thereafter until terminated by either party giving to the other not less than three months' prior written notice, such notice to expire upon or after the initial term of three years;
 - (ii) the monthly salary for each of Mr. Chen Wei, Mr. Lai Wen Guang and Mr. Li Fujun for the period from 1st April, 2001 to 31st March, 2004 shall be \$0.1 million, \$46,600, and \$34,000 respectively, such salary to be reviewed annually by the board of Directors based on the results and performance of the Company. For the period from 1st April, 2004, the salary of each of Mr. Chen Wei, Mr. Lai Wen Guang and Mr. Li Fujun shall be determined by the board of Directors;
 - (iii) each of Mr. Chen Wei, Mr. Lai Wen Guang and Mr. Li Fujun is entitled to such management bonus by reference to the consolidated net profits of the Group after taxation and minority interests but before extraordinary items ("Net Profits") as the board of Directors may approve provided that the aggregate amount of management bonuses payable to all executive directors in respect of any financial year of the Group shall not exceed 5% of the Net Profits for the relevant financial year; and
 - (iv) each such Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the board of Directors regarding the amount of annual salary and management bonus payable to himself.
- (b) Save as disclosed herein, none of the Directors has entered into any service agreements 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).

3. Directors' remuneration

- (a) The Company's policies concerning remuneration of executive Directors are:–
- (i) the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to the Group;
 - (ii) non-cash benefits may be provided to the Directors under their remuneration package; and
 - (iii) the executive Directors may be granted, at the discretion of the board of Directors, share options pursuant to the Share Option Scheme, as part of their remuneration package.
- (b) An aggregate of approximately \$1.5 million was paid to the Directors as remuneration for the year ended 31st December, 2000. Further information in respect of the Directors' remuneration is set out in Appendix I to this prospectus.
- (c) It is expected that an aggregate sum of approximately \$2.3 million will be paid to the Directors as remuneration by the Group in respect of the year ending 31st December, 2001 pursuant to the present arrangement excluding management bonus.
- (d) No bonuses were paid to the Directors for each of the three years ended 31st December, 2000.
- (e) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31st December, 2000 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of the Group or of any other notice in connection with the management of the affairs of any member of the Group.
- (f) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31st December, 2000.

4. Others

- (a) Apart from the Directors, 5 other individuals are amongst the five persons who receive the highest emoluments from the Group for the year ended 31st December, 1998, 3 for the year ended 31st December, 1999 and 2 for the year ended 31st December, 2000. Particulars of emoluments paid to such individuals are set out in note (i) to the section headed "Combined Results" of the accountants' report set out in Appendix I to this prospectus.
- (b) Mr. Ou is interested in the corporate reorganisation transactions as set out under the paragraph headed "Corporate Reorganisation" in this Appendix.

- (c) Mr. Ou holds share(s) in certain subsidiaries of the Company as nominee for certain other members of the Group, details of which are set out below:–

Name of subsidiary	Name of beneficial owner	Number of shares held
Singkong Investments Limited	China Overlink Holdings Co. Ltd.	1

5. Agency fees or commissions received

The Underwriters will receive an underwriting commission and Tai Fook Capital will receive a documentation fee as mentioned in the paragraph headed “Underwriting arrangements and expenses” under the section headed “Underwriting” of this prospectus.

6. Related party transactions

The Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note (k) of the section headed “Combined Results” of the accountants’ report set out in Appendix I, and the paragraph headed “Connected Transactions” in the sections headed “Business” and “Relationship with the Sinolink Group” of this prospectus respectively.

7. Disclaimers

Save as disclosed herein:–

- (a) None of the Directors or chief executives has for the purposes of section 28 of the SDI Ordinance, nor is any of them taken to or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance, any interests in the securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 29 of the SDI Ordinance or pursuant to rules 5.40 to 5.59 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange once such securities are listed on the Stock Exchange;
- (b) none of the Directors nor any of the persons whose names are listed in the subparagraph headed “Consent of experts” under the section headed “Other Information” in this Appendix is interested in the promotion of the Company or in any assets which have within the two years immediately preceding the issue of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

- (c) none of the Directors nor any of the persons whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other Information” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;
- (d) none of the persons whose names are listed in the paragraph headed “Consents of experts” under the section headed “Other Information” in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (e) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);
- (f) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Share Offer or related transaction as mentioned in this prospectus; and
- (g) so far as is known to the Directors, none of the Directors, their respective Associates or shareholders of the Company who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers of the Group.

SHARE OPTIONS

A. Summary of the terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by resolutions of the sole shareholder of the Company on 4th April, 2001.

(a) Who may join

The board of Directors (“Board”) may, at its discretion, invite any full-time employee including any executive director of any company in the Group (“Employee”) to take up options at \$1.00 per option to subscribe for Shares at a price calculated in accordance with sub-paragraph (d) below.

(b) Grant of Option

Any grant of options must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements of Chapter 16 of the GEM Listing Rules. In particular, during the period of one month immediately preceding the preliminary announcement of annual results or the publication of interim results, no option should be granted until such information has been announced pursuant to the requirements of Chapter 16 of the GEM Listing Rules.

(c) Payment on acceptance of option offer

\$1.00 is payable by the Employee to the Company on acceptance of the option offer.

(d) Price of Shares

The subscription price for Shares under the Share Option Scheme will be a price determined by the Board and notified to each grantee and will be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day, (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer and (iii) the nominal value of a Share.

(e) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under (i) the Share Option Scheme and (ii) any other share option scheme(s) of the Company, shall not in aggregate exceed 10% of the entire issued ordinary share capital of the Company from time to time. In determining the said 10% limit, the following Shares of the entire issued ordinary share capital of the Company shall be excluded:

- (1) Shares issued pursuant to the Share Option Scheme and any other schemes including the Pre-listing Share Option Plan; and
- (2) any pro rata entitlements to subscribe for further Shares pursuant to the issue of Shares mentioned in (1) above.

No option may be granted to any one person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 25% of the number of Shares issued and issuable under all the options which may be granted under the Share Option Scheme at the time it is proposed to grant the relevant options to that person.

(f) *Requirements on granting options to connected persons*

Any grant of options to an Employee who is a connected person (as such term is defined in the GEM Listing Rules) of the Company must be approved by the independent non-executive Directors.

Where the Board proposes to grant any option to an Employee who is a substantial shareholder (as defined in the GEM Listing Rules) or an associate of any substantial shareholder (as so defined) of the Company and such option which is exercised in full, would result in such Employee becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued, and issuable, to him or her pursuant to all the options granted to him or her in the 12 month period up to and including the date on which such proposal is made by the Board (the “Relevant Date”):

- (i) representing in aggregate more than 0.1% of the total number of Shares in issue at the Relevant Date; and
- (ii) having a value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Relevant Date and if the Relevant Date is not a trading day, the trading day immediately preceding the Relevant Date, in excess of \$5,000,000.

such proposed grant of options must be approved by the shareholders of the Company in general meeting with the Employee concerned and all other connected persons (as defined in the GEM Rules) of the Company abstaining from voting (except where any connected person (as to defined) intends to vote against such proposed grant).

(g) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not less than 3 years and not more than 10 years to be notified by the Board to each grantee which period of time shall commence on the date of the grant of the option and expire on the last day of such period as determined by the Board and the exercisable period is not less than 3 years.

(h) *Rights are personal to grantee*

An option may not be transferred or assigned and is personal to the grantee.

(i) Rights on ceasing employment

If the grantee of an option ceases to be an Employee for any reasons other than death, misconduct or certain other grounds, the grantee may exercise the option up to the grantee's entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day with the relevant company in the Group whether salary is paid in lieu of notice or not failing which the option will lapse.

If the grantee of an option leaves the service of the Group by reason of misconduct or on other grounds, his or her option (to the extent such has become exercisable but not already exercised) will immediately lapse.

(j) Rights on death

If the grantee of an option dies before exercising the option in full and none of certain events which would be a ground for termination of his or her employment arises, his or her personal representative(s) may exercise the option in full (to the extent which has become exercisable and not already exercised) within a period of 12 months from the date of death or such longer period as the Board may determine failing, which the option will lapse.

(k) Effects of alterations to capital

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of the Company as fair and reasonable will be made in the subject matter of the option so far as unexercised the subscription price and/or the method of the exercise of the option, provided that no such alteration shall be made so that a Share would be issued at less than its nominal value or which would give a grantee a different proportion of the issued share capital of the Company as that to which he or she was previously entitled and no alteration shall be made if any alteration in the capital structure of the Company is the result of an issue of Shares in the capital of the Company as consideration in a transaction.

(l) Rights on take-over

If a general offer by way of take-over is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) with the terms of the offer having been approved by the holders of not less than nine-tenths in value of the Shares comprised in the offer within four months from the date of the offer and the offeror thereafter gives a notice to acquire the remaining Shares, the grantee (or his or her personal representative(s)) may by notice in writing to the Company within 21 days of such notice exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice.

(m) Rights on a compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice to the grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court exercise any of his or her options whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(n) Rights on winding up

In the event a notice is given by the Company to its members to convene a shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to convene the shareholders' meeting, give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(o) Lapse of Option

An option shall lapse automatically and not be exercisable (to the extent which has become exercisable and not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of the periods referred to in sub-paragraph (i), (j) or (l) respectively;
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (m);

- (iv) the date on which the grantee of an option ceases to be an Employee by reason of the termination of his or her employment on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;
- (v) the date of the commencement of the winding-up of the Company; or
- (vi) the date on which the grantee sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option in breach of the Share Option Scheme.

(p) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to the Company's articles of association for the time being in-force and will rank *pari passu* with the fully paid Shares in issue on the date of exercise of the option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the option.

Unless the context otherwise requires, references to "Shares" in the Company Share Option Scheme include references to shares in the Company of any such nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.

(q) *Cancellation of Options granted*

Any cancellation of options granted but not exercised must be approved by shareholders of the Company (and also by shareholders of any holding company which is listed on the GEM and the main board of the Stock Exchange) in general meeting, with participants and their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll.

(r) *Period of Share Option Scheme*

The Share Option Scheme will remain valid for a period of 10 years commencing on 4th April, 2001 after which period no further options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(s) *Alteration to Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules shall not be altered to extend the class of persons eligible for the grant of options or to the advantage of grantees or prospective grantees except with the prior approval of the shareholders of the Company in general meeting (with participants and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Company's shareholders under the Company's articles of association for the time being for a variation of the rights attached to the Shares.

Any alteration to the terms and conditions of the Share Option Scheme, which are of a material nature, must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(t) *Administration of the Share Option Scheme*

The Share Option Scheme will be administered by the Board of the Company.

(u) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional on (a) the Share Option Scheme being approved by the shareholder of Sinolink and the Company in their respective general meetings, (b) the GEM Listing Committee granting the listing of and permission to deal in the Shares on GEM, granting approval of the Share Option Scheme and any options which may be granted thereunder and the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme, and (c) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by Tai Fook Capital on behalf of the Underwriters) and not being terminated in accordance with the terms of that agreement or otherwise.

Application has been made to the GEM Listing Committee for the approval of the Share Option Scheme, the granting of the options under the Share Option Scheme and the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted by the Company under the Share Option Scheme.

B. Summary of the terms of the Pre-Listing Share Option Plan

The purpose of the Pre-Listing Share Option Plan is to recognise the contribution of certain directors and employees of members of the Group and members of the Sinolink Group to the growth of the Group and/or to the listing of the Shares on GEM. The principal terms of the Pre-Listing Share Option Plan, conditionally approved by a written resolutions of the sole shareholder of the Company dated 4th April, 2001 (which is still subject to certain conditions as referred to in paragraph(s) of the paragraph headed “Share Options – Summary of terms of the Share Option Scheme” above), are substantially the same as the terms of the Share Option Scheme except that:–

- (a) the subscription price for Shares is the Issue Price in all cases;
- (b) the total number of Shares subject to the Pre-Listing Share Option Plan is 23,400,000 and there are no similar requirements on granting options to connected persons as summarised in paragraph (f) of the paragraph headed “Share Options – Summary of terms of the Share Option Scheme” above);
- (c) the definition of “Employee” includes any employee and director of the Group or the Sinolink Group; and
- (d) save for the options which have been conditionally granted (see below) no further options will be offered or granted, as the right to do so will end upon the listing of the Shares on GEM.

An option may be exercised in accordance with the terms of the Pre-Listing Share Option Plan at any time for a period of 10 years which shall commence on the date of the grant of the option as on 4th April, 2001. Each of the grantees to whom options have been conditionally granted under the Pre-Listing Share Option Plan will be entitled to exercise (i) one half of the options so granted to him/her (rounded down to the nearest whole number) at any time after 1st January, 2003; and (ii) the remaining options after 1st January, 2004. The period of time for exercising the options shall expire on 3rd April, 2011.

Application has been made to the GEM Listing Committee for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options granted under the Pre-Listing Share Option Plan.

Outstanding options granted under the Pre-Listing Share Option Plan

As at the date of this prospectus, options to subscribe for an aggregate of 23,400,000 Shares (representing approximately 4.47% of the total enlarged issued share capital of the Company immediately after completion of the Share Offer assuming the Over-allotment Option is not exercised) have been conditionally granted by the Company under the Pre-Listing Share Option Plan. Particulars of the outstanding options conditionally granted under the Pre-Listing Share Option Plan to the 24 grantees including executive Directors and full-time employees of the Group and certain executive Directors of the Sinolink Group who have been conditionally granted options to subscribe for an aggregate of 23,400,000 Shares or more are set out below:

Name of grantee	Address	Number of Shares subject to the options
<i>Directors:–</i>		
Mr. Ou Yaping	C3 Kellett View Town House 65-69 Mount Kellett Road, Hong Kong	3,000,000
Mr. Chen Wei	No. 3 Beihedao, Yi Yuan Ying Hu Road, Shenzhen, PRC	3,000,000
Mr. Lai Wen Guang	Flat B, 23rd Floor, Hillier Building 275 Queen's Road Central, Hong Kong	2,000,000
Mr. Lau Shi Wa	Flat 1412, Block R, 14th Floor Kornhill, Quarry Bay, Hong Kong	1,000,000
Mr. Li Fujun	Flat B, 23rd Floor, Hillier Building 275 Queen's Road Central, Hong Kong	2,000,000
Mr. Yim Chun Leung (<i>Note</i>)	11C, 127 Robinson Road, Hong Kong	1,000,000

Name of grantee	Address	Number of shares subject to the options
<i>Other</i> <i>18 other employees of members</i> <i>of the Sinolink Group and the Group</i> <i>(each holding options to subscribe</i> <i>for 2,000,000 shares or less):-</i>		
Law Sze Lai	Flat 4, 5th Floor, Block A Hong Way Garden, 8 New Market Street Sheung Wan, Hong Kong	800,000
Xiong Jiang	Room 506, Block 2, No. 12 Shu Guang Zhong Lu Yuhua District, Changsha, Hunan Province, PRC	2,000,000
Mo Sui Kang	Room 204, Block 7 Guizhu Garden, Shekou District, Shenzhen, GuangDong Province, PRC	2,000,000
Luo Lei	No. 480, Bayi Road Kaifu District, Changsha City, Hunan Province, PRC	1,000,000
Chu Yin Yi	Flat D, Block 2, 27th Floor, Greenwood Terrace, Chaiwan, Hong Kong	1,000,000
Yu Man To	2D Monticello, 48 Kennedy Road, Hong Kong	1,000,000
Liu Fang Ye	No. 508, Block 1, Dongting Village, North District Yuyang City, Hunan Province, PRC	500,000
Wang Han Yu	No. 160, Datong Street, Zhonghua Zhong Road Guiyong City, Guizhou Province, PRC	500,000
Shen Lian Jin	Room 402, No. 331 Da Guanshan New Wuhun District, Wuhu City, Anhui Province, PRC	500,000
Sun Wu Ying	No. 23, YaoLing Dong Village Changsha City, Hunan Province, PRC	300,000
Chen Zhou Guang	No. 228, Shiyu Road, Jian Ye District, Nanjing City, Jiangsu Province, PRC	300,000

Name of grantee	Address	Number of shares subject to the options
Tang Xi Yong	The Hygiene Station Dormitory of Hua Xi District, Guiyang City, Guizhou Province, PRC	200,000
Luo Li	No. 95, Lane 1, Xiao Dong Jia, Hanjiang District, Wuhan City, Hubei Province, PRC	200,000
Li Zihong	Room 1704, Golden Spring Garden, Furong District, Changsha City Hunan Province, PRC	300,000
Zhou Xiao Ben	Room 201, Block 2, No. 70 Rehenanlu, Nanjing City, Jiangsu Province, PRC	200,000
Huang Jie	Jindi Cui Garden, Fumin Road, Futian District Shenzhen, Guangdong Province, PRC	200,000
Zhu Yimin	Room 1804, Golden Spring District, Furong District, Changsha City, Hunan Province, PRC	200,000
Yi Gan Lin	Room 303, Block 24, Yun I District, Happiness Village, Yue Yang City Hunan Province, PRC	200,000
Total		<u>23,400,000</u>

Note: Mr. Yim Chun Leung is also a full-time employee of Sinolink Group.

OTHER INFORMATION**1. Estate duty, Tax Indemnity and other Indemnities**

Sinolink and Kenson (the “Indemnifiers”) have pursuant to a deed of indemnity referred to as item (h) in the sub-section headed “Summary of material contracts” under the section headed “Further Information about the Business” in this Appendix, given indemnities in connection with, among others, (a) any liability for Hong Kong estate duty which might be payable by any member of the Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of the Group on or before the date on which the Placing becomes unconditional; and (b) any taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received on or before the date on which the Placing becomes unconditional.

The Indemnifiers will however, not be liable under the deed of indemnity for taxation where (a) provision has been made for such taxation in the audited combined accounts of the Company or the audited accounts of any member of the Group for the three years ended 31st December, 2000 (the “Accounts”); (b) the taxation arises or is incurred as a result of a retrospective change in law or the interpretation or practice thereof by the relevant authority (whether in Hong Kong, the PRC or any other part of the world) coming into force after the signing of the deed of indemnity; (c) any member of the Group is primarily liable to such taxation as a result of transactions entered into in the ordinary course of business after the date on which the Placing becomes unconditional; (d) the taxation or liability would not have arisen but for any act or omission by any member of the Group voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date of the deed of indemnity; and (e) provision or reserve made for such taxation in the Accounts is established to be an over-provision or an excessive reserve.

The Indemnifiers have agreed jointly and severally to indemnify the Company from all losses suffered and costs and expenses reasonably incurred by any of the members of the Group which are attributable to the Company including but not limited to depletion in asset value as a result of any of the members of the Group not being permitted to use or occupy or being evicted from or being required to demolish on the basis that that member of the Group does not have good title to and legal ownership of any of the buildings on properties nos. 4, 6 and 7 in the summary of valuations of the valuation certificate as set out in Appendix II to this prospectus.

The Indemnifiers have also jointly and severally undertaken, to indemnify the Company in respect of properties presently used or occupied by the relevant members of the Group (the “Affected Premises”) including but not limited to properties nos. 8 to 141 in the summary of valuations of the valuation certificate set out in Appendix II to this prospectus, to secure for the use and occupation by relevant members of the Group of a property (“Substitute Premises”) which is comparable and substantially similar to the Affected Premises in location, area and use, for a term not shorter than the original term under the lease for the Affected Premises in the event that any member of the Group is not being permitted to use or occupy or being evicted from the Affected Premises by the landlord thereof or any third party (including without limitation, any PRC government authorities or any other competent authorities or mortgagee) and to indemnify the Company and at all times to keep the Company indemnified on demand from and against any costs and expenses reasonably incurred, claims, losses and liabilities suffered (including but not limited to cost of relocation, difference in rentals between the Affected Premises and the Substitute Premises, operating and business losses arising from relocation, penalties and fines, claims, losses, legal costs, fees, charges, duties, levies, and imposts of any nature) by any of the members of the Group which are attributable to the Company resulting from any member of the Group not being permitted to use or occupy or being evicted from the Affected Premises in the manner as stated above, the lack or insufficiency of authority or power on the part of any persons with which any members of the Group has entered into arrangement (whether with or without a lease) pursuant to which that member of the Group was given the right to occupy and use the Affected Premises, any invalidity, unenforceability, variation or termination of any lease of the Affected Premises (other than a termination thereof as a result of the expiration of the term in the lease), the existing use of any of the Affected Premises whether under a lease or not being unlawful, any concluded or unconcluded litigation, claim, action, prosecution, arbitration, mediation, alternative dispute resolution or other similar proceedings relating to the use and occupation of any of the Affected Premises (collectively the “Proceedings”), any dispute with any entity relating to the use and occupation of any of the Affected Premises not resulting in Proceedings (and for all the above whether resulting from an award, judgment or finding or from negotiated settlement or otherwise), any failure to obtain the requisite leasing permit from, or to attend to the requisite registration with, the relevant PRC authorities, or any failure to comply with the relevant PRC legal or administrative requirements regarding a lease of any of the Affected Premises located in the PRC.

The Indemnifiers have agreed jointly and severally to indemnify the Company against any loss suffered or may be suffered by any of the members of the Group which are attributable to the Company in connection with the legal proceedings instigated against Wuhu PANVA as set out below in the paragraph headed “Litigation”. The Indemnifiers have also agreed to indemnify the Company against any loss suffered or may be suffered by any members of the Group which are attributable to the Company in the event that Wuhu Sanpeng PANVA fails to pay to Wuhu PANVA the trade debt together with the accrued interests and court fees pursuant to the judgment given by the Anhui Wuhu People’s Court of the PRC on 1st June, 2000.

The Directors are of the view that the joint venture enterprises operated by the Company in the PRC will not be affected as a going concern in the event that any member of the Group is not being permitted to use or occupy or being evicted from the Affected Premises in the manner as set out aforesaid. The Company does not intend to grant shareholders' loan to any of the joint venture enterprises operated by the Company in the PRC in the foreseeable future.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands, the PRC or the British Virgin Islands, being jurisdictions in which one or more of the companies comprising the Group are incorporated.

2. Litigation

On 16th April, 2000, Wuhu PANVA issued a writ in Anhui Wuhu Xinwu People's Court of the PRC against Wuhu Sanpeng PANVA seeking for payment of trade debt of RMB163,359.30. Judgment was made on 1st June, 2000 against Wuhu Sanpeng PANVA which was ordered by the Court to pay Wuhu PANVA the said trade debt together with interests and court fees of RMB1,115 and RMB6,034 respectively.

Wuhu PANVA has received a writ dated 28th October, 2000 in Wuhu Intermediate People's Court of the PRC from Wuhu Sanpeng LPG Chemical and Energy Co., Ltd. (the "Plaintiff"), the joint venture partner of Wuhu Sanpeng PANVA, claiming that Wuhu PANVA has breached the joint venture agreement.

The Plaintiff seeks damages of RMB1,095,398.20 and RMB420,518.25 arising from direct loss and indirect loss respectively. The Plaintiff also alleges that Wuhu PANVA's breach of the joint venture agreement has caused Wuhu Sanpeng PANVA to incur tax liability of RMB142,000 to the PRC government and that Wuhu PANVA should be wholly and solely liable to pay the taxes. The Plaintiff also pleads for termination of the joint venture agreement. The Company is of the view that the claims and allegations are unfounded and groundless. The Company will defend the Plaintiff's legal action vigorously.

On 25th April, 1999, Changsha PANVA issued a writ against Shen Guo Rong (申國榮) (the "Defendant") seeking for outstanding payment of LPG supplied by Changsha PANVA to the Defendant. An LPG supply agreement was made on 9th February, 1998 between Changsha PANVA and the Defendant whereby Changsha PANVA agreed to sell LPG to the Defendant. As at 31st January, 1999, the Defendant owed a long outstanding debt of RMB252,485.54 to Changsha PANVA. Despite repeated demand for payment by Changsha PANVA, the Defendant has not yet settled the outstanding amount. Judgment was made on 30th June 1999 in favour of Changsha PANVA in Hunan Yueyang Yunxi People's Court where the Defendant was ordered to pay to Changsha PANVA the outstanding debt of RMB252,485.54 together with interest and court fees of RMB16,633.74 and RMB10,000.00 respectively. However, the Defendant has not yet been located since the judgment date. Changsha PANVA will take enforcement action against the Defendant as soon as he is located and full provision had been made by the Company in 1998 in respect of this litigation.

The Directors are of the view that the amount involved in relation to each of the litigations is immaterial and insignificant by reference to the Group's operation as a whole. Hence, the Directors believe that such litigations will not have any material impact on the financial status and reputations of the Company or the Group. Sinolink however had agreed to indemnify the Company against the loss it suffers in the event that judgment is entered into against Wuhu PANVA. Sinolink and Kenson had also agreed to indemnify the Company against the loss it suffers in the event that Wuhu Sanpeng PANVA fails to pay to Wuhu PANVA the trade debts together with the accrued interests and court fees pursuant to the judgment given by the Anhui Wuhu People's Court of the PRC on 1st June, 2000.

Save as disclosed, 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 against any member of the Group.

3. Address for service of process and notices

Mr. Ou Yaping have been nominated as the authorised person to accept service of process and notices of the Company. The address for service of process and notices is 25th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

4. Sponsor

Tai Fook Capital has made an application on behalf of the Company to the GEM Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and any Shares falling to be issued pursuant to the Over-allotment Option the exercise of options granted under the Share Option Schemes.

5. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately \$12 million and are payable by the Company.

6. Promoter

The promoter of the Company is Sinolink. As at the Latest Practicable Date, the issued share capital of Sinolink was \$152 million divided into 1,520,000,000 shares of \$0.10 each which are fully paid or credited as fully paid. Sinolink's current directors, principal bankers and auditors are as follows:

Directors of the promoter

Mr. Ou Yaping
Mr. Law Sze Lai
Mr. Chen Wei
Mr. Liang Xiaoting
Mr. Tsang Yu Chor, Patrick
Mr. Cheung Wing Yui

Principal bankers of the promoter

Bank of China, Hong Kong Branch
 Bank of China, Shenzhen Branch
 Nanyang Commercial Bank, Shenzhen Branch
 China Construction Bank, Luohu Branch, Shenzhen
 China Merchants Bank, Dongmen Sub-branch, Shenzhen

Auditors of the promoter

Deloitte Touche Tohmatsu

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter in connection with the Placing or the related transactions described in this prospectus.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<i>Name</i>	<i>Qualification</i>
Tai Fook Capital	Registered investment adviser
Deloitte Touche Tohmatsu	Certified public accountant
DTZ Debenham Tie Leung Limited	Property valuers
Maples and Calder Asia	Cayman Islands attorneys-at-law
Haiwen & Partners	Qualified PRC legal adviser

8. Consents of experts

Each of Tai Fook Capital, Deloitte Touche Tohmatsu, Haiwen & Partners, DTZ Debenham Tie Leung Limited, and Maples and Calder Asia has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

9. Binding effect

This prospectus shall have the effect if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

10. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued; and
 - (iv) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries.
- (b) None of Tai Fook Capital, Deloitte Touche Tohmatsu, Haiwen & Partners, DTZ Debenham Tie Leung Limited, and Maples and Calder Asia:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.
- (c) No company within the Group is presently listed on any stock exchange or traded on any trading system.
- (d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.-