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**If you have sold or transferred** all your shares in Zhongyu Gas Holdings Limited (the “**Company**”), you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**中裕燃气**

**中裕燃气控股有限公司**

**ZHONGYU GAS HOLDINGS LIMITED**

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

**(Stock Code: 8070)**

**DISCLOSEABLE TRANSACTION:  
FORMATION OF A JOINT VENTURE COMPANY**

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A letter from the board of directors of the Company is set out on pages 3 to 8 of this circular.

*This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication.*

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## CHARACTERISTICS OF GEM

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

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

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

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“Board”	the board of Directors
“Company”	Zhongyu Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company from time to time
“Henan Gas”	河南省煤層氣開發利用有限公司 (Henan Province Coalbed Gas Development and Utilization Company Limited) <sup>#</sup> , a limited liability company established in Henan Province, the PRC
“Henan Zhongyu JV”	河南中裕煤層氣開發利用有限公司 (Henan Zhongyu Coalbed Methane Development and Utilization Company Limited) <sup>#</sup> , a limited liability company to be established in Henan Province, the PRC in accordance with the terms of the JV Agreement, which name is subject to the approval of the relevant authorities
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons and are not connected persons of the Company
“JV Agreement”	the joint venture agreement dated 22 January 2007 and entered into between Henan Gas and Zhongyu Coalbed Methane with respect to the formation of Henan Zhongyu JV
“Latest Practicable Date”	8 February 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongyu Coalbed Methane”	中裕煤層氣發展有限公司 (Zhongyu Coalbed Methane Development Limited), a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

<sup>#</sup> *the English translations of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.00. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*



中裕燃气

**中裕燃气控股有限公司**

**ZHONGYU GAS HOLDINGS LIMITED**

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

**(Stock Code: 8070)**

*Executive Directors:*

Mr. Wang Wenliang (*Chairman*)  
Mr. Hao Yu (*Chief Executive Officer*)  
Mr. Lu Zhaoheng

*Non-executive Directors:*

Mr. Xu Yongxuan (*Vice-chairman*)  
Mr. Wang Lei  
Mr. Nicholas John Ashley Rigg

*Independent non-executive Directors:*

Mr. Wang Shunlong  
Dr. Luo Yongtai  
Mr. Hung, Randy King Kuen

*Registered office:*

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

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

Suite 3016, 30th Floor  
One International Finance Centre  
1 Harbour View Street  
Central Hong Kong

12 February 2007

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION:  
FORMATION OF A JOINT VENTURE COMPANY**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 22 January 2006 in which the Board announced that the JV Agreement was entered into between Henan Gas and Zhongyu Coalbed Methane, a wholly-owned subsidiary of the Company, pursuant to which Henan Zhongyu JV will be established in Zhengzhou City, Henan Province, the PRC.

The entering into of the JV Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with further details regarding the JV Agreement in accordance with the GEM Listing Rules.

### THE JV AGREEMENT

On 22 January 2007, the JV Agreement is entered into between Henan Gas and Zhongyu Coalbed Methane, a wholly-owned subsidiary of the Company, in relation to the formation of Henan Zhongyu JV in Zhengzhou City, Henan Province, the PRC.

**Date** : 22 January 2007

**Parties** : (i) Zhongyu Coalbed Methane, a wholly-owned subsidiary of the Company  
(ii) Henan Gas, an Independent Third Party

Henan Gas is a State-owned enterprise and was set up with the permission from the Henan Province Government. Led by the Henan Province Coal and Carbon Industrial Bureau, Henan Gas was funded by 11 State-owned enterprises which are principally engaged in coal and carbon businesses with the possession and control in a number of coalbed methane resources, on behalf of the Henan Province Government. The principal business of Henan Gas is to explore, develop, construct and utilise the coalbed methane resources in the entire Henan Province, the PRC.

Henan Gas and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Henan Gas expects that the amount of coalbed methane to be extracted in Henan Province will reach 600 million cubic metres and one billion cubic metres in 2008 and 2010 respectively.

### Formation of a joint venture company

The parties to the JV Agreement agreed that Henan Zhongyu JV will be established in Zhengzhou City, Henan Province, the PRC and will be owned as to 75% by Zhongyu Coalbed Methane and as to 25% by Henan Gas. Henan Zhongyu JV will be engaged principally in the exploration, development and production of coalbed methane in Jiaozuo City, Henan Province, the PRC and the sale of coalbed methane.

The exploration and development of coalbed methane will be in two stages. In the first stage, Henan Zhongyu JV will explore in Jiaozuo City for coalbed methane and set up development plan for the exploration and utilization of the coalbed methane. In the second stage, Henan Zhongyu JV will fully develop and utilize coalbed methane extracted in accordance with such development plan.

### Registered Capital

The registered capital of Henan Zhongyu JV will be RMB60,000,000 (equivalent to HK\$60,000,000) and will be contributed as to RMB45,000,000 (equivalent to HK\$45,000,000) by Zhongyu Coalbed Methane in cash and as to RMB15,000,000 (equivalent to HK\$15,000,000) by

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## LETTER FROM THE BOARD

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Henan Gas by way of contribution in kind within 90 days from the date of establishment of Henan Zhongyu JV. Upon establishment, Henan Zhongyu JV will become an indirect non-wholly owned subsidiary of the Company. It is expected that the capital contributions to Henan Zhongyu JV by the relevant joint venture partners will be completed by the end of May 2007.

The Group intends to finance the capital contribution of Zhongyu Coalbed Methane to Henan Zhongyu JV from external fund raising activities. As at the Latest Practicable Date, there was no concrete plan or arrangement for such fund raising activities which may take the form of either debt financing or equity financing or a combination of both. Further announcement(s) will be made by the Company in this regard as and when appropriate in compliance with the GEM Listing Rules.

The total investment of Henan JV has not been specified in the JV Agreement. Apart from the contribution towards the registered capital set out above, there are no further capital commitments that are required to be contributed by the parties to the JV Agreement at this stage. If there is any further material capital commitments to be put up by the parties thereto to Henan Zhongyu JV, further announcement will be made if and when appropriate to comply with the requirements under the GEM Listing Rules.

### **Conditions of the JV Agreement**

The JV Agreement is subject to and upon the following conditions:

- (a) Henan Gas having obtained exploration permit and/or mining rights and all other necessary approvals and rights for the lawful mining in the region;
- (b) the terms in the JV Agreement having fulfilled all PRC laws, regulations and policy in relation to foreign investment in the exploration and development of coalbed methane in the PRC and all necessary approvals, permits and licences for Henan Zhongyu JV having been obtained;
- (c) if necessary, the passing of an ordinary resolution by the Shareholders approving the JV Agreement and the transactions contemplated thereunder;
- (d) the issue of a PRC legal opinion by a PRC lawyer appointed by Zhongyu Coalbed Methane in the form and substance to the satisfaction of Zhongyu Coalbed Methane in relation to the JV Agreement and the transactions contemplated thereunder under the PRC laws; and
- (e) the issue of a valuation report by an independent valuer appointed by Zhongyu Coalbed Methane in the form and substance to the satisfaction of Zhongyu Coalbed Methane confirming the value of coalbed methane resources and relevant devices and facilities to be contributed by Henan Gas as contribution in kind to the registered capital of Henan Zhongyu JV.

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## LETTER FROM THE BOARD

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### Principal obligations of the parties to the JV Agreement

Under the JV Agreement, Henan Gas agrees, among other matters, that:

1. it will contribute to the registered capital in accordance with the terms of the JV Agreement;
2. it will appoint directors of Henan Zhongyu JV in accordance with the terms of the JV Agreement and the articles of association of Henan Zhongyu JV;
3. it will assist Henan Zhongyu JV to obtain approvals from relevant PRC authorities in relation to coalbed methane to ensure all the necessary legal requirements for exploration and production coalbed methane are fulfilled;
4. it will assist Henan Zhongyu JV in the procedures in relation to the application for the land use rights and the operation of the business;
5. it will assist Henan Zhongyu JV for the construction of production facilities;
6. it will appoint such operational managers, technicians, workers and other officers for Henan Zhongyu JV and will assist Henan Zhongyu JV to train such appointed staff; and
7. it will handle such other matters as appointed by Henan Zhongyu JV from time to time.

Under the JV Agreement, Zhongyu Coalbed Methane agrees, among other matters, that:

1. it will contribute to the registered capital in accordance with the terms of the JV Agreement;
2. it will appoint directors of Henan Zhongyu JV in accordance with the terms of the JV Agreement and the articles of association of Henan Zhongyu JV;
3. it will assist Henan Zhongyu JV in the coalbed methane sale market;
4. it will assist Henan Zhongyu JV in the introduction of international recognized modern management methodology and technology;
5. it will purchase machines, materials and other relevant devices outside PRC as appointed by Henan Zhongyu JV;
6. it will appoint such operational managers, technicians, workers and other officers for Henan Zhongyu JV and will assist Henan Zhongyu JV to train such appointed staff; and
7. it will handle such other matters as appointed by Henan Zhongyu JV from time to time.

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## LETTER FROM THE BOARD

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### **Board of directors of Henan Zhongyu JV**

The board of directors of Henan Zhongyu JV will comprise seven directors, of which two will be appointed by Henan Gas and five will be appointed by Zhongyu Coalbed Methane. The chairman of Henan Zhongyu JV will be nominated by Zhongyu Coalbed Methane and the vice chairman of Henan Zhongyu JV will be nominated by Henan Gas.

### **Profit sharing in Henan Zhongyu JV**

Upon establishment of Henan Zhongyu JV, Zhongyu Coalbed Methane and Henan Gas will be entitled to share the net profit of Henan Zhongyu JV in proportion to their equity interests in Henan Zhongyu JV.

### **INFORMATION ON HENAN PROVINCE, JIAOZUO CITY AND COALBED GAS**

Henan Province, situated in the eastern central of the PRC covers a total area of approximately 167,000 square acres. Henan Province is ranked as the second largest province in terms of the reserve of coalbed methane resources. It is estimated that the total coalbed methane resources in Henan Province amount to approximately 956.5 billion cubic metres.

Jiaozuo City, situated in the northwestern of Henan Province, the PRC covers a total area of approximately 4,071 square acres. It is estimated that the total coalbed methane resources in Jiaozuo City amount approximately 120 billion cubic metres.

Coalbed methane, also known as coalbed gas, is an inflammable gas found in coal mines. Usually, coalbed methane is extracted during the mining process and burnt off to prevent coal mine accidents. However, with appropriate utilization and development, coalbed methane can be used as an alternative energy source to natural gas.

### **REASONS FOR THE ENTERING INTO OF THE JV AGREEMENT**

The Group is principally engaged in:

- (i) the development, construction and operation of gas projects in the PRC, which principally include design and construction of gas pipeline network and ancillary facilities and sale of gas, as well as sale and maintenance of gas appliances; and
- (ii) the business of human resource management (“HRM”) solution provision in Hong Kong and the PRC, which principally include development and sale of HRM software, as well as provision of related consultancy services including the project management, implementation and maintenance of the HRM system.

The Directors have always been active in seeking opportunities for expanding and enhancing the gas and energy business in the PRC. As the PRC is now facing the problem of energy, including but not limited to the shortage of oil and gas resulting from the rapid development of its economy, the Directors consider that there will be more demand for alternative energy source and the JV Agreement

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## LETTER FROM THE BOARD

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offers the Group a good business opportunity to allow the Group to tap into the upper stream coalbed methane supply market in the PRC. In addition, as coalbed methane produced can be used and sold to third parties by the Group, it could help to safeguard sufficient source of gas supply to the Group's gas projects located in Henan Province and enlarge the Group's source of income as well as to greatly alleviate the PRC's energy problem. Henan Zhongyu JV is the first joint venture of the Group in relation to coalbed methane in Henan Province and the Directors consider the formation of Henan Zhongyu JV will enhance its existing gas project business.

The Directors, including the independent non-executive Directors, consider that the terms of the JV Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties and the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT

Since Henan Zhongyu JV, which will become an indirect non-wholly owned subsidiary of the Company after its establishment, has not yet been established and commenced operation as at the Latest Practicable Date, it is not expected to have any immediate financial or operational impact on the Group. Prior to its establishment, the investment in Henan Zhongyu JV will be accounted as deposit for an investment in the consolidated financial statements of the Company. The formation of Henan Zhongyu JV will not have any material adverse effect on the net asset position of the Group. It is expected that both the assets and liabilities of the Group will record an increase as a result of the formation of Henan Zhongyu JV.

After the establishment of Henan Zhongyu JV, it is expected that Henan Zhongyu JV will contribute positively to the results of the Group as an indirect non-wholly owned subsidiary of the Company.

### ADDITIONAL INFORMATION

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

By order of the Board  
**Zhongyu Gas Holdings Limited**  
**Wang Wenliang**  
*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) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director had or was deemed to have 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) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange:

#### (i) Long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Wang Wenliang (“Mr. Wang”)	Corporate interest <i>(Note)</i>	872,505,542	65.84%
	Personal interest <i>(Note)</i>	10,002,000	0.75%
		<u>882,507,542</u>	<u>66.59%</u>

*Note:* Hezhong Investment Holding Company Limited (“Hezhong”) is the beneficial owner of 872,505,542 Shares. Mr. Wang is deemed to be interested in these Shares through his 52% interest in the issued share capital of Hezhong. He is interested in the underlying Shares of the 10,002,000 options held by him as stated below.

(ii) *Share options*

<b>Name of Directors</b>	<b>Number of share options held</b>	<b>Nature of interest</b>	<b>Number of underlying Shares</b>	<b>Approximate percentage of issued share capital of the Company</b>
Mr. Wang	10,002,000	Personal interest ( <i>Note 1 &amp; 2</i> )	10,002,000	0.75%
Mr. Hao Yu	8,004,000	Personal interest ( <i>Note 1</i> )	8,004,000	0.60%
Mr. Lu Zhaoheng	5,004,000	Personal interest ( <i>Note 1</i> )	5,004,000	0.38%
Mr. Xu Yongxuan	5,004,000	Personal interest ( <i>Note 1</i> )	5,004,000	0.38%

*Notes:*

- These options were granted under the share option scheme adopted by the Company on 24 October 2003 and entitle the holders thereof to subscribe for Shares at an exercise price of HK\$0.310 per Share during the period from 13 June 2006 to 12 June 2015.
- The underlying Shares of these 10,002,000 options held by Mr. Wang duplicates his shareholding as stated in section 2(a)(i) above.

(iii) *Long positions in the shares of associated corporation:*

<b>Name of Directors</b>	<b>Associated corporation</b>	<b>Approximate percentage of issued share capital of the associated corporation</b>
Mr. Wang	Hezhong	52%
Mr. Hao Yu	Hezhong	12%

*Note:* Hezhong is an associated corporation of the Company for the reason of its being a holding company of the Company by holding more than 50% of the entire issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have 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) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were 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:

Name of Shareholder	Number of Shares held	Position	Nature of interests	Approximate percentage of issued share capital of the Company
Hezhong	872,505,542	Long	Beneficial	65.84%

*Note:* Hezhong is an associated corporation of the Company for the reason of its being a holding company of the Company by holding more than 50% of the entire issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange 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.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management Shareholders (as defined in the GEM Listing Rules) or their respective associates has any interest in business which competes with or may compete with the business of the Group.

### 5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

### 6. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is Suite 3016, 30th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (c) The branch share registrar and transfer office in Hong Kong of the Company is Secretaries Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary and qualified accountant of the Company is Mr. Lui Siu Keung who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (e) The compliance officer of the Company is Mr. Hao Yu who is also an executive Director.
- (f) The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules.

The audit committee reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation.

The audit committee comprises three independent non-executive Directors, Mr. Wang Shunlong, Dr. Luo Yongtai and Mr. Hung, Randy King Kuen.

Mr. Wang Shunlong, aged 43, is the chairman of the audit committee of the Company. He is the head of strategic department of SIIC Medical Science and Technology (Group) Limited. He graduated from Tsinghua University in the PRC with a doctoral degree in engineering and was employed by the Eindhoven University of Technology in The Netherlands as a researcher for three years. Mr. Wang has over nine years of experience in corporate management and investment planning. He joined the Group in July 2003.

Dr. Luo Yongtai, aged 61, is a member of the audit committee of the Company. He is a professor in management of Tianjin University of Finance and Economics, the head of the Microeconomic Institute of Tianjin University of Finance and Economics, a member of the committee of the Tianjin City People's Political Consultative Conference, the deputy supervisor of the People's Republic of China System Engineering Committee and also held positions in various professional organizations. Dr. Luo is a beneficiary of the Expert Special Subsidy granted by the State Council of the PRC and has been engaged in various national and provincial projects in recent years. Dr. Luo is also an independent director of two companies listed on the Shanghai Stock Exchange. He joined the Group in July 2003.

Mr. Hung, Randy King Kuen, aged 42, is a member of the audit committee of the Company. He holds a bachelor's degree of accounting and a certificate of programming and data processing from the University of Southern California, a certificate of China Accounting, Finance, Taxation and Law from the Chinese University of Hong Kong, and a Hong Kong Securities Institute Specialist Certificate in corporate finance. Mr. Hung is a fellow certified public accountant in Hong Kong and a certified public accountant in the United States. Currently, Mr. Hung is an independent non-executive director of Zhongyian International Limited (Stock Code: 2379) and ZZNode Holdings Company Limited (Stock Code: 2371). Mr. Hung is a member of the American Institute of Certified Public Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants, deputy chairman of training committee of the Hong Kong Institute of Directors and a member of the Hong Kong Securities Institute. Mr. Hung joined the Group on 30 September 2004.