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

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

**If you have sold or transferred** all your shares in **Sinolink Worldwide Holdings Limited**, you should at once hand this circular to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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百仕達控股有限公司\*

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SINOLINK WORLDWIDE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**POSSIBLE DISCLOSEABLE TRANSACTION**

**AND**

**UNDERWRITING COMMITMENT**

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\* For identification purpose only

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## DEFINITIONS

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

“Acceptance Date”	19 December 2003 or such other day as Smart Orient may agree in writing with Enerchina
“Associate”	has the same meaning ascribed to it as defined in the Listing Rules
“Board”	the Board of Directors
“Business Day”	means a day (other than Saturday) on which banks are generally open for business in Hong Kong
“Company”	Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Company Shares”	share(s) of HK\$0.1 each in the existing capital of the Company
“Concerted Party”	has the meaning ascribed to it as party acting in concert under the Takeovers Code
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Enerchina”	Enerchina Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholder(s) other than the Group, its Concerted Party and any Shareholders who are involved in or interested in the Underwriting Agreement

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## DEFINITIONS

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“Latest Practicable Date”	17 November 2003, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Letter of Undertaking”	the letter of undertaking dated 27 October 2003 and entered into between the Company, Smart Orient and Enerchina in relation to the Rights Issue
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	options to subscribe for up to 3,230,000 Shares granted pursuant to the share option scheme adopted by Enerchina on 26 July 1993
“Prospectus”	the prospectus to be issued by Enerchina in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Qualifying Shareholders”	the Shareholder(s) whose name(s) appear(s) on the register of members of Enerchina as at close of business on the Record Date and has as its address on the register of members of the Company on the Record Date in Hong Kong
“Record Date”	4 December 2003, the record date by which entitlements to the Rights Issue will be determined
“Rights Issue”	the rights issue of nine Rights Shares for every five existing Shares held by the Qualifying Shareholders on the Record Date at a price of HK\$0.40 per Rights Share
“Rights Shares”	not less than 490,347,621 new Shares and not more than 496,161,621 new Shares to be issued under the Rights Issue
“Settlement Date”	the day being the later of (i) the fourth Business Day following the Acceptance Date and (ii) the Business Day following the day on which Smart Orient receives notification from Enerchina of the total number of Underwritten Shares not taken up or such other date as Smart Orient may agree in writing with Enerchina

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of Enerchina proposed to be convened for the purpose of approving, inter alia, the Whitewash Waiver and the Rights Issue
“Share(s)”	share(s) of HK\$0.01 each in the existing capital of Enerchina
“Shareholder(s)”	holder(s) of Share(s)
“Smart Orient”	Smart Orient Investments Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 27 October 2003 and entered into between Smart Orient and Enerchina in relation to the Rights Issue
“Underwritten Shares”	330,921,927 Right Shares being the maximum possible number of the Rights Shares to be issued less those Rights Shares agreed to be taken up by the Company pursuant to the letter of undertaking dated 27 October 2003
“Whitewash Waiver”	a waiver from the Executive pursuant to note 1 of the notes on dispensations from Rule 26 of the Takeovers Code

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## LETTER FROM THE BOARD

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百仕達控股有限公司\*

SINOLINK WORLDWIDE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Mr. Ou Yaping (*Chairman*)

Mr. Tang Yui Man, Francis (*Chief Executive Officer*)

Mr. Law Sze Lai

Mr. Chen Wei

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-Executive Directors:*

Mr. Cheung Wing Yui

Mr. Li Zhi Xiang

Mr. Tsang Yu Chor, Patrick

Mr. Xin Luo Lin

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

25th Floor, Vicwood Plaza

199 Des Voeux Road Central

Hong Kong

19 November 2003

*To the Shareholders and*

*to the warrant holder for information only*

Dear Sir or Madam,

### **POSSIBLE DISCLOSEABLE TRANSACTION AND UNDERWRITING COMMITMENT**

#### **1. INTRODUCTION**

The Board announced on 31 October 2003 that Smart Orient, a wholly-owned subsidiary of the Company, had entered into the Underwriting Agreement on 27 October 2003 with Enerchina. The Underwriting Agreement relates to Smart Orient underwriting not less than 325,107,927 Rights Shares and not more than 330,921,927 Rights Shares at HK\$0.40 per Rights Share of the Rights Issue of Enerchina.

Pursuant to the Letter of Undertaking, the Company and Smart Orient have irrevocably undertaken to Enerchina to subscribe or procure subscriptions for their provisional entitlement in full, amounting to 165,239,694 Rights Shares.

The Rights Issue refers to the issue of not less than 490,347,621 Rights Shares and not more than 496,161,621 Rights Shares at a price of HK\$0.40 per Rights Share by Enerchina on the basis of nine Rights Shares for every five existing Shares held by the Qualifying Shareholders on the Record Date.

\* For identification purpose only

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there are 272,415,347 Shares and the Group (together with its Concerted Party) is interested in 91,799,830 Shares representing approximately 33.7% of the issued share capital of Enerchina. In the event that Smart Orient is called upon to subscribe for the Rights Shares in full pursuant to its obligations under the Underwriting Agreement and the Company and Smart Orient subscribe for their provisional entitlement in full under the Rights Issue pursuant to the Letter of Undertaking, the number of Shares held by the Group and its Concerted Party would increase from 91,799,830 Shares to not less than 582,147,451 Shares and not more than 587,961,451 Shares and the interest of the Group and its Concerted Party in Enerchina would increase from approximately 33.7% of the existing issued share capital of Enerchina to approximately 76.2% and not more than approximately 76.3% of the enlarged issued share capital of Enerchina immediately upon completion of the Rights Issue. The subscription of Rights Shares by Smart Orient pursuant to the Underwriting Agreement may trigger a mandatory general offer by the Company under Rule 26 of the Takeovers Code for all the Shares not held by the Group and its Concerted Party. The Company will apply to the Executive for the Whitewash Waiver accordingly.

The granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders are, inter alia, conditions to which the Rights Issue is subject and in the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders and waived by Smart Orient, the Underwriting Agreement will lapse and the Rights Issue will not proceed. Smart Orient reserves its right to waive the conditions of the granting of the Whitewash Waiver by the Executive and/or the approval of the Whitewash Waiver by the Independent Shareholders. In the event that Smart Orient waives any of these conditions, the Company will take all necessary steps and make further announcements to ensure its full compliance with the Takeovers Code and the Listing Rules.

The purpose of this circular is to provide you with further details of the underwriting commitment of the Company contemplated under the Underwriting Agreement and other information as required by the Listing Rules.

## **2. THE UNDERWRITING AGREEMENT**

Smart Orient, a wholly-owned subsidiary of the Company, has entered into the Underwriting Agreement on 27 October 2003 with Enerchina, whose securities are listed on the Stock Exchange. The Underwriting Agreement relates to Smart Orient underwriting not less than 325,107,927 Rights Shares (assuming none of the Options granted by Enerchina for subscription of Shares are exercised before the Record Date of the Rights Issue, being 4 December 2003) and not more than 330,921,927 Rights Shares at HK\$0.40 per Rights Share of a Rights Issue of Enerchina.

Pursuant to the Letter of Undertaking, the Company and Smart Orient have irrevocably undertaken to Enerchina to subscribe or procure subscriptions for their provisional entitlement in full under the Rights Issue, amounting to 165,239,694 Rights Shares.

If the Group (together with its Concerted Party) subscribe for its provisional entitlement in full under the Rights Issue pursuant to the letter of undertaking and Smart Orient is called upon to subscribe for the Rights Shares (that is, not less than 325,107,927 Rights Shares and not more than 330,921,927

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## LETTER FROM THE BOARD

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Rights Shares) in full pursuant to its obligations under the Underwriting Agreement, the aggregate value of the consideration to be paid by the Group is not less than HK\$196,139,048 and not more than HK\$198,464,648. The terms of the Underwriting Agreement have been arrived at after arm's length negotiations between the parties thereto and are based on normal commercial terms.

The Rights Issue refers to the issue of not less than 490,347,621 Rights Shares and not more than 496,161,621 Rights Shares at a price of HK\$0.40 per Rights Share by Enerchina on the basis of nine Rights Shares for every five existing Shares held by the Shareholders on the Record Date whose addresses shown on the register of members of Enerchina are in Hong Kong. Smart Orient shall be entitled to an underwriting commission of a sum equal to 2% of the subscription price multiplied by the number of Underwritten Shares. Details of the Rights Issue and the Underwriting Agreement are set out in the announcement of Enerchina released on 31 October 2003. The Directors consider that the subscription price was reached based on arm's length negotiations between Enerchina and Smart Orient with reference to the market price of the Shares under the prevailing market conditions.

The subscription price of HK\$0.40 per Rights Share represents (i) a discount of 45.2% to the closing price of HK\$0.73 per Share quoted on the Stock Exchange on 24 October 2003, being the last closing price prior to the date of the Underwriting Agreement, (ii) a discount of 54.3% to the average of the closing prices for the ten days ended on 24 October 2003, of approximately HK\$0.875 per Share, (iii) a discount of 22.8% to the theoretical ex-rights price of HK\$0.518 per Share based on the closing price of HK\$0.73 per Share on 24 October 2003 and (iv) a discount of 35.5% to the closing price of HK\$0.62 per Share on the Latest Practicable Date.

According to the interim report for the 6 months ended 30 June 2003 of Enerchina, the subscription price of HK\$0.40 per Rights Share also represents (i) a discount of approximately 76.7% to the unaudited consolidated net asset value of approximately HK\$1.72 per Share as at 30 June 2003 and (ii) a discount of approximately 64.0% to the unaudited consolidated net tangible asset of approximately HK\$1.11 per Share as at 30 June 2003.

Pursuant to the Letter of Undertaking mentioned above, the Company and Smart Orient are required to settle the subscription consideration in full for the Rights Shares to which it is entitled on or before the Acceptance Date. Pursuant to the Underwriting Agreement, Smart Orient is required to settle the subscription consideration in full for such Underwritten Shares not taken up less such amounts payable to it by Enerchina, such as commission and certain expenses, under the Underwriting Agreement on or before the Settlement Date.

As at the Latest Practicable Date, there are 272,415,347 Shares and the Group (together with its Concerted Party) is interested in 91,799,830 Shares representing approximately 33.7% of the entire existing issued share capital of Enerchina. The Group owns 91,799,830 Shares. In the event that Smart Orient is called upon to subscribe for the Rights Shares in full pursuant to its obligations under the Underwriting Agreement and the Company and Smart Orient subscribe for their provisional entitlement in full under the Rights Issue pursuant to the Letter of Undertaking, the number of Shares held by the Group and its Concerted Party would increase from 91,799,830 Shares to not less than 582,147,451 Shares and not more than 587,961,451 Shares and the interest of the Group and its Concerted Party in Enerchina would increase from approximately 33.7% of the existing issued share capital of Enerchina to approximately 76.2% and not more than approximately 76.3% of the enlarged issued share capital of Enerchina immediately upon completion of the Rights Issue.



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## LETTER FROM THE BOARD

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In the event that less than 25% of the issued share capital of Enerchina is held by the public after the Rights Issue, the Company has undertaken to the Stock Exchange to take steps as soon as practicable following the close of the Rights Issue to place down the Shares held to parties who are not Connected Persons of Enerchina so that the public float of Enerchina is not less than 25% of the enlarged issued share capital of Enerchina.

If as a result of the Rights Issue, less than 25% of the issued Shares are held in the hands of the public, Enerchina will take steps to restore its public float of 25%. If the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares, or (b) there are too few Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. It is the intention of the Company to maintain the listing of Enerchina on the Stock Exchange after the Rights Issue.

The Group will utilise its internal resources to meet its financial commitment under the Underwriting Agreement and the Letter of Undertaking, which is approximately HK\$198 million at maximum. The Group intends to maintain its existing shareholding in Enerchina and all the new Shares it subscribes following the Rights Issue as a long-term investment.

The subscription of Rights Shares by Smart Orient pursuant to the Underwriting Agreement may trigger a mandatory general offer by the Company under Rule 26 of the Takeovers Code for all the Shares not held by the Group and its Concerted Party. Anglo Chinese Corporate Finance, Limited, has for and on behalf of the Company, applied to the Executive for the Whitewash Waiver on 5 November 2003 accordingly. The grant of the Whitewash Waiver and the Rights Issue will be subject to the approval of the Independent Shareholders. Save for the placing of 45,400,000 Shares and the subscription of the same amount of new Shares by the Company in September 2003, the Group and its Concerted Party have not dealt in the Shares during the six-month period prior to the Latest Practicable Date.

The obligations of the parties under the Underwriting Agreement are subject to, inter alia:

- (1) the passing of ordinary resolutions by Shareholders at the SGM approving the increase in the authorised share capital of Enerchina from HK\$7,500,000 to HK\$25,000,000 by the creation of 1,750,000,000 new Shares;
- (2) the despatch of a circular to all Shareholders containing, inter alia, details of the Rights Issue and the Whitewash Waiver, together with proxy form and notice of SGM;
- (3) Enerchina registering or filing, as the case may be, all relevant documents with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda;
- (4) the grant of the Whitewash Waiver by the Executive;
- (5) the passing of ordinary resolutions by Independent Shareholders by way of poll at the SGM, in compliance with the Takeovers Code to approve the Whitewash Waiver;

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## LETTER FROM THE BOARD

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- (6) the passing of ordinary resolutions by Independent Shareholders at the SGM approving the Rights Issue;
- (7) the posting of the Prospectus Documents to Qualifying Shareholders on 5 December 2003, or such other date as the Smart Orient may agree in writing with Enerchina; and
- (8) the listing committee of the Stock Exchange granting the listing of, and permission to deal in the Rights Shares in their nil-paid and fully-paid forms.

In the event that conditions (1) to (7) (inclusive) have not been satisfied or waived in whole or in part by Smart Orient on or before the date of posting the Prospectus Documents (expected to be on or about 5 December 2003) and condition (8) has not been satisfied or waived by Smart Orient on or before 4:00 pm on the Acceptance Date, the Underwriting Agreement will lapse and the Rights Issue will not proceed.

The Group and its Concerted Party will abstain from voting in the SGM in respect of the resolution relating to the approval of the Whitewash Waiver and the Rights Issue.

The granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders are, inter alia, conditions to which the Rights Issue is subject and in the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders and waived by Smart Orient, the Underwriting Agreement will lapse and the Rights Issue will not proceed. Smart Orient reserves its right to waive the conditions of the granting of the Whitewash Waiver by the Executive and/or the approval of the Whitewash Waiver by the Independent Shareholders. In the event that Smart Orient waives any of these conditions, the Company will take all necessary steps and make further announcements to ensure its full compliance with the Takeovers Code and the Listing Rules.

### **3. REASONS FOR THE UNDERWRITING COMMITMENT**

Enerchina announced in its announcement dated 9 October 2003 that it was contemplating the expansion of its power plant in Shenzhen, the PRC. The relevant authority in Shenzhen issued an in-principle approval to a subsidiary of Enerchina on 29 September 2003 to carry out the feasibility study of the expansion. In view of the expansion plan, the directors of Enerchina considered that more funding would be required for the expansion of its power plant in Shenzhen, the PRC.

The Directors noticed the gradual improvement of Enerchina's profitability upon the commencement of commercial operations of Enerchina's expanded power plant in the half-year ended 30 June 2003. The directors of Enerchina believe that the Rights Issue provides a good opportunity for Enerchina to raise funds to strengthen its capital base and improves its financial position to provide flexibility to pursue any new business opportunities for the Enerchina's future development and expansion.

The Directors also believe that, in addition to 2% commission earned by the Group in underwriting the Rights Issue, the Underwriting Agreement provides an attractive opportunity for the Group to benefit from the strong demand and growth potential of electricity market in Guangdong Province of the PRC that Enerchina may leverage on. The commission to be earned by the Group under the Underwriting Agreement is approximately HK\$2.6 million and will be booked as other income of the Group.

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## LETTER FROM THE BOARD

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### 4. FUNDING OF THE UNDERWRITING COMMITMENT

The Group will utilise its internal resources to meet its financial commitment under the Underwriting Agreement if called upon to do so and the Letter of Undertaking, which is approximately HK\$198 million at maximum. As at 30 June 2003, the Group's cash and cash equivalent amounted to approximately HK\$867.7 million in aggregate.

In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders and waived by Smart Orient and Smart Orient proceeds to subscribe for the Rights Shares pursuant to its obligations under the Underwriting Agreement, the Company may be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not held by the Group and its Concerted Party. An amount of approximately HK\$196 million in aggregate will then be required from the Company to satisfy the full acceptance of the general offer at HK\$0.40 per Share. Anglo Chinese Corporate Finance, Limited has confirmed that the Company has sufficient internal financial resources to satisfy the full acceptance of the possible general offer.

### 5. PRINCIPAL ACTIVITIES OF THE GROUP AND ENERCHINA

The Group is a conglomerate with extensive businesses presence in the PRC. The Group's businesses can be classified into three groups: i) property development and investment; ii) pipeline construction, transportation, storage, distribution and sales of liquefied petroleum gas and natural gas; and iii) electricity generation and supply.

Enerchina is principally engaged in the investment of electricity supplies and technology enabled businesses in the PRC. The power plant that Enerchina operates is located in Shenzhen, the PRC. For the year ended 31 December 2002, Enerchina recorded audited net loss before and after taxation and extraordinary items attributable to the Shareholders of approximately HK\$85.6 million and approximately HK\$85.7 million respectively. For the year ended 31 December 2001, Enerchina recorded audited net loss before and after taxation and extraordinary items attributable to the Shareholders of approximately HK\$139.8 million and approximately HK\$141.9 million respectively. For the six months ended 30 June 2003, the unaudited net profit before and after taxation and extraordinary items attributable to the Shareholders was approximately HK\$5.1 million. As at 30 June 2003, the unaudited net tangible assets of Enerchina amounted to approximately HK\$253.0 million.

### 6. POSSIBLE DISCLOSEABLE TRANSACTION

If the Company and Smart Orient subscribe for their provisional entitlement in full under the Rights Issue and Smart Orient is called upon in full to subscribe for the Rights Shares pursuant to its obligations under the Underwriting Agreement, the interest of the Group and its Concerted Party in Enerchina would increase from approximately 33.7% of the existing issued share capital of Enerchina to approximately 76.2% and not more than approximately 76.3% of the enlarged issued share capital of Enerchina immediately upon completion of the Rights Issue. At present, there are two out of eight directors on the board of Enerchina representing the interests of the Group. If the Group's interest in Enerchina increases to more than 50% of its enlarged issued share capital after the Rights Issue, the Group will take appropriate action to reflect the best interest of the Group in Enerchina, including

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## LETTER FROM THE BOARD

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increasing its representatives to the board of directors of Enerchina to become the majority of its board. However, the composition of its representative to the board and the identity of the prospective directors have not yet been decided at as the Latest Practicable Date. When Enerchina becomes a subsidiary of the Company, the accounts of Enerchina and its subsidiaries in relation to the Group will be treated in accordance with Generally Accepted Accounting Principles in Hong Kong. It is therefore expected that such accounts will be consolidated into the accounts of the Group.

As the unaudited net tangible assets of Enerchina as at 30 June 2003 amounted to approximately HK\$253 million which exceed 15 per cent but less than 50 per cent of the unaudited net tangible assets of the Group as at 30 June 2003 of HK\$1,618,755,000, the underwriting commitment of the Company contemplated under the Underwriting Agreement therefore constitutes a discloseable transaction for the Company under Rule 14.12 of the Listing Rules.

### 7. GENERAL

The entering into of the Underwriting Agreement does not constitute a connected transaction of the Company under Chapter 14 of the Listing Rules as Enerchina is not a Connected Person under the Listing Rules. Save for the indirect shareholding interests of Mr. Ou Yaping and Asia Pacific Promotion Limited in Enerchina through the Company, no other Connected Person of the Company holds any Shares.

The Company will make an announcement if and when its undertaking commitment contemplated under the Underwriting Agreement becomes a discloseable transaction for the Company under Rules 14.12 of the Listing Rules.

Your attention is drawn to the general information on the Company set out in the Appendix to this circular.

By order of the Board

**Tang Yui Man, Francis**

*Executive Director and Chief Executive Officer*

Hong Kong, 19 November 2003

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Company Shares, underlying Company Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Company to be notified to the Company and the Stock Exchange, were as follows:

### (a) Directors' Interests or Short Positions in the Company Shares and in Share Options

Name of Director	Capacity	Interest in Company Shares/(Short positions)				Interest in underlying Company Shares pursuant to share options	Aggregate interest/(Short positions)	Approximate percentage of the Company's issued share capital
		Personal interest	Family interest	Corporate interest	Total interest in Company Shares			
Mr. Chen Wei	Beneficial owner	-	-	-	-	12,000,000	12,000,000	0.65%
Mr. Law Sze Lai	Beneficial owner	-	-	-	-	12,000,000	12,000,000	0.65%
Mr. Tang Yui Man, Francis	Beneficial owner	-	-	-	-	3,800,000	3,800,000	0.20%
Mr. Ou Yaping	Beneficial owner and interest of controlled corporation	-	5,396,600	1,245,185,000	1,250,581,600	-	1,250,581,600	65.5%

(Note)

*Note:* These Company Shares are held by Asia Pacific Promotion Limited (“Asia Pacific”), a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Ou Yaping, Chairman and Managing Director of the company.

Details of the Directors’ interests in share options granted by the Company are set out under the heading “Directors’ rights to acquire Company Shares” below.

*Directors’ rights to acquire Company Shares*

Pursuant to the Company’s share option scheme, the Company has granted options on the ordinary Company Shares in favour of certain Directors, the details of which are as follows:

Name of Directors	Date of grant	Exercisable period	Exercise price HK\$	Number of Company Shares subject to outstanding options as at Latest Practicable Date	Approximately percentage of the Company’s issued share capital
Mr. Chen Wei	14.03.2002	01.09.2002 to 01.09.2004	0.67	6,000,000	0.31%
	14.03.2002	01.12.2002 to 01.12.2005	0.67	6,000,000	0.31%
Mr. Law Sze Lai	14.03.2002	01.09.2002 to 01.09.2004	0.67	6,000,000	0.31%
	14.03.2002	01.12.2002 to 01.12.2005	0.67	6,000,000	0.31%
Mr. Tang Yui Man, Francis	14.03.2002	01.09.2002 to 01.09.2004	0.67	1,900,000	0.10%
	14.03.2002	01.12.2002 to 01.12.2005	0.67	1,900,000	0.10%

*Note:* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(b) **Directors' Interests in associated corporations (within the meaning of Part XV of the SFO) of the Company**

Name of Directors	Name of associated corporation	Capacity	Nature of interest	Total interest in shares long positions/ (short positions)	Interest in underlying shares pursuant to share options/ Rights Issue	Aggregate interest/ (short positions)	Approximate percentage of the issued share of associated corporation
Mr. Chen Wei	Panva Gas	Beneficial owner	Personal	2,160,000	5,040,000	7,200,000	1.19%
Mr. Tang Yui Man, Francis	Panva Gas	Beneficial owner	Personal	1,440,000	960,000	2,400,000	0.40%
Mr. Ou Yaping	Panva Gas	Beneficial owner and interest of controlled corporation	Corporate	441,380,062 (38,461,538)	173,091,525	614,471,587 (Note 1) (38,461,538)	101.55% (6.36%)
	Enerchina	Interest of controlled corporation	Corporate	91,799,830	496,161,621	587,961,451 (Note 2)	76.50%

*Notes:*

1. The 441,380,062 shares represent (i) 429,298,462 shares held by Kenson Investments Limited ("Kenson"), a wholly-owned subsidiary of the Company. Mr. Ou is therefore deemed under Part XV of the SFO to be interested in these shares; and (ii) 12,081,600 shares are held by Asia Pacific directly. As the entire issued share capital of Asia Pacific are legally and beneficially held by Mr. Ou. Mr. Ou is therefore also deemed to be interested in all shares held by Asia Pacific under Part XV of the SFO.

The 173,091,525 shares represent (i) 3,600,000 shares options held by Mr. Ou and (ii) convertible note in the principal amount of HK\$100,000,000 held by Supreme All Investments Ltd, a wholly-owned subsidiary of the Company. Such convertible note can be converted into 169,491,525 shares of the Company on or before 1 April 2004 at a conversion price of HK\$0.59 per share.

2. The 91,799,830 Shares represent (i) 68,081,902 Shares held by the Company and (ii) 23,717,928 Shares held by Smart Orient. If Smart Orient is called upon in full to subscribe for the Rights Shares pursuant to its obligations under the Underwriting Agreement, the number of Shares deemed to be held by the Company would be increased from 91,799,830 Shares to 587,961,451 Shares. Mr. Ou is therefore also deemed under Part XV of the SFO to be interested in these Shares.

**(c) Other Interest**

Mr. Cheung Wing Yui, the independent non-executive Director, is a partner of Woo, Kwan, Lee & Lo, legal adviser to the Company on Hong Kong law. Woo, Kwan, Lee & Lo will receive normal professional fees in connection with matters relating to the underwriting commitments of the Company contemplated under the Underwriting Agreement.

**3. SUBSTANTIAL INTERESTS**

Other than the interests disclosed above in respect of certain Directors, the Directors are not aware of any other person who, as at the Latest Practicable Date, had an interest or short position in the Company Shares or underlying Company Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into, any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**5. LITIGATION**

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

**6. GENERAL**

- (a) The secretary of the Company is Mr. Yu Man To, Gerald, a certified accountant in Australia and an associate member of the Hong Kong Society of Accountants.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The registrars and transfer office of the Company in Hong Kong is Central Registration Hong Kong Limited whose office is situated at Room 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In any event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.