THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Enric Energy Equipment Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the licenced securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for the sole purpose of an extraordinary general meeting of the Company. This circular does not constitute nor is it intended to constitute an offer to sell or a solicitation of an offer to buy any securities. This circular does not constitute an offer of securities into the United States of America and may not be sent to any person in the United States of America or any other jurisdiction where its use would be prohibited, nor should this circular be forwarded to any such person.

Enric Energy Equipment Holdings Limited
安瑞科能源裝備控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3899)

(1) CONNECTED TRANSACTION AND VERY SUBSTANTIAL ACQUISITION
(2) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION
(3) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES
(4) APPLICATION FOR WHITEWASH WAIVER
(5) CONTINUING CONNECTED TRANSACTIONS
(6) PROPOSED CHANGE OF COMPANY NAME
(7) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
(8) PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

Financial advisers to the Company in respect of the Proposed Transactions and the joint sponsors to the new listing application of the Company

Deutsche Bank

招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

Independent financial adviser to the Independent Board Committee and to the Whitewash Independent Board Committee

SOMERLEY LIMITED

A letter from each of the Independent Board Committee and the Whitewash Independent Board Committee (each as defined in this circular) are set out on pages 82 and 83 and pages 84 and 85 of this circular, respectively, and a letter from the Independent Financial Adviser (as defined in this circular) containing its advice to the Independent Board Committee and the Whitewash Independent Board Committee is set out on pages 86 to 136 of this circular.

A notice convening the EGM (as defined in this circular) to be held at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 26 June 2009 at 11:00 a.m. is set out on pages N-1 to N-10 of this circular. Form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed on it and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 4:00 p.m. on 23 June 2009 or not less than 48 hours before the time appointed for any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so desire.

3 June 2009

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Expected timetable and trading arrangements

The following expected timetable is indicative only and is subject to change. If necessary, further announcement(s) in relation to revised timetable will be published as and when appropriate.

	2009
Shareholders' meeting of CIMC approving the Proposed Transactions	9:30 a.m. on Monday, 22 June
Latest time for lodging forms of proxy for the EGM	4:00 p.m. on Tuesday, 23 June
EGM	11:00 a.m. on Friday, 26 June
Announcement of the results of the EGM to be published	Friday, 26 June
Completion of the Proposed Transactions and issue of the Consideration Shares	on or before Wednesday, 9 September
Announcement of completion of the Proposed Transactions to be published	on or before Wednesday, 9 September

This summary aims at giving you an overview of the information contained in this circular. As it is a summary, it does not contain all the information that may be important to you. You should read the whole circular before making a decision on the Proposed Transactions and the appropriate course of action for yourself.

There are risks associated with any business. You should read the section headed "Risk Factors" of this circular carefully before making a decision on the Proposed Transactions.

SUMMARY

Background

It was announced on 10 September 2008 that: (1) the Company as purchaser and CIMC HK and CIMC Vehicle as vendors entered into the China Acquisition Agreement after trading hours on 2 September 2008, pursuant to which the Company has conditionally agreed to purchase from CIMC HK and CIMC Vehicle, and CIMC HK and CIMC Vehicle have conditionally agreed to sell to the Company, 80.04% and 19.96%, respectively, of the issued share capital of Target Co China; and (2) the Company as purchaser and CIMC HK and PGM as vendors entered into the European Acquisition Agreement after trading hours on 2 September 2008, pursuant to which the Company has conditionally agreed to purchase from CIMC HK and PGM, and CIMC HK and PGM have conditionally agreed to sell to the Company, 80% and 20%, respectively, of the issued share capital of Target Co Europe. The Company will seek the grant of a specific mandate from the Independent Shareholders to allot and issue new Shares to satisfy the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares.

It was further announced on 20 April 2009 that the Company, CIMC HK and CIMC Vehicle entered into the China Supplemental Agreement, pursuant to which the consideration for the sale and purchase of the entire issued share capital of Target Co China as well as the numbers and the issue prices of the New Ordinary Shares and the New Convertible Preference Shares to be allotted and issued for settlement of such consideration under the China Acquisition Agreement have been amended as follows:-

(i) *Purchase of 80.04% of the issued share capital of Target Co China from CIMC HK*

	Original Terms	**Amended Terms**
Total consideration	Approximately HK$5,025,888,917	HK$2,148,036,915
Number of New Ordinary Shares	162,305,990	160,968,722
Issue price per New Ordinary Share	HK$4.49	HK$3.00
Number of New Convertible Preference Shares	957,045,662	555,043,583
Issue price per New Convertible Preference Share	HK$4.49	HK$3.00

(ii) *Purchase of 19.96% of the issued share capital of Target Co China from CIMC Vehicle*

	Original Terms	Amended Terms
Total consideration	Approximately HK$1,253,545,131	HK$535,667,376
Number of New Ordinary Shares	40,481,970	40,141,626
Issue price per New Ordinary Share	HK$4.49	HK$3.00
Number of New Convertible Preference Shares	238,704,028	138,414,166
Issue price per New Convertible Preference Share	HK$4.49	HK$3.00

It was also announced on 20 April 2009 that, the Company, CIMC HK and PGM entered into the European Supplemental Agreement, pursuant to which the consideration for the sale and purchase of the entire issued share capital of Target Co Europe as well as the numbers and the issue prices of the New Ordinary Shares and the New Convertible Preference Shares to be allotted and issued for settlement of such consideration under the European Acquisition Agreement have been amended as follows:-

(i) *Purchase of 80.00% of the issued share capital of Target Co Europe from CIMC HK*

	Original Terms	Amended Terms
Total consideration	Approximately HK$2,224,132,765	HK$1,246,861,020
Number of New Ordinary Shares	71,826,114	93,436,768
Issue price per New Ordinary Share	HK$4.49	HK$3.00
Number of New Convertible Preference Shares	423,526,395	322,183,572
Issue price per New Convertible Preference Share	HK$4.49	HK$3.00

(ii) *Purchase of 20.00% of the issued share capital of Target Co Europe from PGM*

	Original Terms	Amended Terms
Total consideration	Approximately HK$556,033,190	HK$311,715,255
Number of New Ordinary Shares	123,838,127	103,905,085
Issue price per New Ordinary Share	HK$4.49	HK$3.00

Pursuant to the China Supplemental Agreement and the European Supplemental Agreement, completion of the sale and purchase of the entire issued share capital of Target Co China and Target Co Europe is subject to the satisfaction of an additional condition precedent that RMB130,000,000 (equivalent to approximately HK$148,656,375) out of the aggregate amount of approximately RMB150,235,652 (equivalent to approximately HK$171,796,057) due from the Target Group China to CIMC Vehicle Group as of 31 December 2008 having been waived in full by CIMC Vehicle Group or its assigns, if any.

Overall, no amendments have been made to the China Acquisition Agreement and the European Acquisition Agreement under the China Supplemental Agreement and the European Supplemental Agreement, other than: (a) the amendments relating to the consideration, the numbers and the issue prices of the New Ordinary Shares and the New Convertible Preference Shares and the additional condition precedent regarding the waiver of the RMB130,000,000 (equivalent to approximately HK$148,656,375) due from the Target Group China as disclosed above; (b) those relating to the allocation of the total transaction cost and disbursements among CIMC HK, CIMC Vehicle and PGM in respect of the transactions contemplated in the Proposed Transactions; and (c) those which are clerical or stylistic in nature.

The transactions contemplated under the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement) constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement) together also constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Such transactions are therefore subject to the approval of the Independent Shareholders under the Listing Rules. CIMC and its Associates will abstain from voting on the resolutions for approving the Acquisition Agreements.

In addition, the Proposed Transactions constitute a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules. Accordingly, under Rule 14.54 of the Listing Rules, the Company is treated as if it were a new listing applicant. Such transactions are therefore also subject to the approval by the Listing Committee of the Stock Exchange of a new listing application to be made by the Company. Deutsche Bank and China Merchants have been appointed as the joint sponsors in respect of the new listing application of the Company. As previously announced, the new listing application was submitted to the Stock Exchange on 2 October 2008 and was accepted by the Stock Exchange on 8 October 2008. According to Rule 9.03(1) of the Listing Rules, the new listing application lapsed on 8 April 2009 for having been outstanding for more than six months. On 20 April 2009, an application was filed with the Stock Exchange to renew the new listing application. The Listing Committee of the Stock Exchange has given its approval in principle of the new listing application of the Company.

Purposes of this circular

The purpose of this circular is to provide the Shareholders with further information about (1) the Proposed Transactions, (2) the proposed grant of the specific mandate to issue Shares, (3) the Whitewash Waiver, (4) the non-exempt continuing connected transactions, (5) the proposed change of name of the Company, (6) the proposed increase in the authorised share capital of the Company, and (7) the proposed amendments to the Memorandum and Articles, and to give notice to the Shareholders of the EGM. This circular also provides additional information on the Target Group as required under the Listing Rules in connection with the new listing application.

INFORMATION ON THE TARGET GROUP

History and background

The Target Group China

Target Co China was incorporated under the laws of the BVI with limited liability on 11 December 2007. Following completion of Stage 2 of the Reorganisation (further details of which are set out in the sub-section headed "The Reorganisation" in the section headed "History and Background of the Target Group" of this circular), it has become the holding company of the Target Group China.

The vendors under the China Acquisition Agreement (as amended by the China Supplemental Agreement) are CIMC HK and CIMC Vehicle. Following completion of Stage 5 of the Reorganisation, Target Co China has become beneficially owned as to 80.04% by CIMC HK and as to 19.96% by CIMC Vehicle. CIMC HK was incorporated under the laws of Hong Kong with limited liability and is a direct wholly-owned subsidiary of CIMC. CIMC Vehicle was incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of CIMC Vehicle Group, which, in turn, is beneficially owned as to 56% by CIMC, as to 24% by CIMC HK and as to 20% by Shenzhen International Trust & Investment Co., Limited. Shenzhen International Trust & Investment Co., Limited holds such 20% interests on trust for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units, of which 45,000,000 units have been allocated. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units.

The two operating subsidiaries of Target Co China, namely Nantong CIMC and Zhangjiagang CIMC, were injected into the Target Group China at Stage 2 of the Reorganisation.

Nantong CIMC was incorporated under the laws of the PRC with limited liability on 14 August 2003 and was indirectly beneficially owned as to an aggregate of 72% by CIMC HK at the time of establishment. By 26 January 2006, it became an indirect wholly-owned subsidiary of CIMC HK through CIMC HK's acquisitions from the other shareholders. At Stage 2 of the Reorganisation, Nantong CIMC was injected into the Target Group China as a direct wholly-owned subsidiary of Win Score.

Zhangjiagang CIMC was incorporated under the laws of the PRC with limited liability on 7 December 1999. On 26 November 2004, CIMC Vehicle Group acquired, in aggregate, a 91% equity interest in Zhangjiagang CIMC from various of the then shareholders of Zhangjiagang CIMC. Following the two increases in the registered share capital of Zhangjiagang CIMC on 27 October 2005 and 6 December 2005, respectively, CIMC Vehicle (a direct wholly-owned subsidiary of CIMC Vehicle

Group) became the beneficial owner of a 25% equity interest in Zhangjiagang CIMC, but CIMC Vehicle Group's share of equity interest in Zhangjiagang CIMC was diluted from 91% to 72.05%. At Stage 2 of the Reorganisation, Zhangjiagang CIMC was injected into the Target Group China as a direct wholly-owned subsidiary of Charm Ray.

The Target Group Europe

Target Co Europe was incorporated under the laws of the BVI with limited liability on 8 August 2008. Following completion of Stage 5 of the Reorganisation, it will become the holding company of the Target Group Europe.

The vendors under the European Acquisition Agreement (as amended by the European Supplemental Agreement) are CIMC HK and PGM. Following completion of Stage 1 of the Reorganisation, Target Co Europe has become beneficially owned as to 80% by CIMC HK and as to 20% by PGM. PGM is beneficially owned as to 99.50% by Mr. Peter van der Burg and as to 0.50% by Ms. Jolanda van der Burg-Moritz.

The operating subsidiaries of Target Co Europe are the five operating subsidiaries of Holvrieka Holding (an indirect wholly-owned subsidary of Target Co Europe after the Reorganisation), namely Holvrieka N.V., Holvrieka Danmark, Holvrieka Ido, Holvrieka Nirota and Noordkoel. These five companies and Holvrieka Holding, which together form the Holvrieka Group, will be injected into the Target Group Europe at Stage 5 of the Reorganisation.

Business of the Target Group

The Target Group, comprised of the Target Group China and the Target Group Europe, is a well established international manufacturer of transportation, storage and processing equipment and related service provider. It is engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries. It is also a global leader in the manufacturing and sales of tank containers as illustrated by the respective recognitions received by the Target Group China and the Target Group Europe. The Target Group China comprises the Nantong Group and the Zhangjiagang Group. The Nantong Group is the largest manufacturer of tank containers in the world in terms of production volume in 2007 according to the information published in the WorldCargo News, a well-known logistics industrial magazine. The Zhangjiagang Group is a leading provider of cryogenic equipment in China according to the qualitative information issued by The Sub-Committee on Transportable Pressure Vessels of CSCBPV. The Target Group Europe, comprised of the Holvrieka Group, is a leading provider of liquid food tanks in the world according to the information published by Industrial Insights, a well-known magazine for industrial contractors and America Brewer, a well-known magazine in the brewery industry. The production bases of the Target Group are located in Nantong and Zhangjiagang in Jiangsu Province of China, and in Emmen and Sneek in the Netherlands, Randers in Denmark, and Menen in Belgium.

Key products of the Target Group include tank containers, LNG semi-trailers, LNG storage tanks, other cryogenic tanks, reaction cauldrons, liquid food tanks and road tanks. The Target Group also provides integrated project engineering services, including the design, manufacturing, procurement, installation and maintenance of LNG satellite stations, LNG fuelling stations, tank farms, tank terminal turnkeys, and ship tank modules. Its high quality products and services form part of the supply chain solutions of the energy, chemical and liquid food industries, and have received wide recognition in the market.

The key customers and key products of the Target Group span across the energy, chemical and liquid food industries around the world. It is therefore extremely difficult and burdensome to substantiate further and to hightlight the risks in relation to the industries where key customers of the Target Group were engaged in and the usage of key products.

Effect of recent economic downturn

The immediate end products derived from the global energy and liquid food industries, such as natural gas, oil, beer and orange juice, are typically classified as necessity goods in economic terms, suggesting that these goods show a relatively low income elasticity of demand. The Company expects that these two industries will not be subject to other industry-specific risks other than those disclosed in the sub-section headed "Risks Relating to the Restructured Group" in the section headed "Risk Factors" of this circular.

On the other hand, the Company expects that the global economic turmoil is likely to have a noticeable impact on the global chemical industry. Given that the demand for automobiles and consumer products, which are end products of the chemical industry, is likely to drop amid the economic turmoil and that the development of the chemical industry is closely linked to the global macro-economy, the demand for chemicals may fall. Relevant information is disclosed in the sub-section headed "Risks Relating to the Restructured Group" in the section headed "Risk Factors" of this circular.

As a result of the recent global economic turmoil, general overall business activities have slowed down and may continue to slow down.

The business performance and profitability of the Target Group China have been materially and adversely impacted in the first quarter of 2009 as a result of the global economic turmoil. In particular, as a result of lower customer demand, the volume of transportation equipment sold by the Nantong Group decreased by approximately 70% in the first quarter of 2009 compared with the first quarter of 2008, while average selling prices of these standardised transportation equipment remained relatively stable. In addition, in the first quarter of 2009, the decrease in the overall cost level was significantly less than the decrease in turnover, due to the fixed nature of certain cost.

The business performance and profitability of the Holvrieka Group in the first quarter of 2009 have also been materially and adversely impacted. In particular, the average sales price per tank decreased by approximately 35% in the first quarter of 2009 compared with the first quarter of 2008, while the total number of tanks sold remained relatively stable. The drop in average sales price per tank was mainly due to a nearly proportional decrease in cost of production caused primarily by a decrease in raw material prices, in particular the prices of nickel and steel, as a result of the global economic slowdown. Operating cost not directly related to production also decreased in the first quarter of 2009 compared with the first quarter of 2008, although at a lesser rate than the decrease in turnover due to the fixed nature of certain cost.

As at the Latest Practicable Date, the Target Group had not experienced any difficulty or tighter credit terms in renewing the existing or obtaining new bank facilities, withdrawal of any banking facilities, early payment of outstanding loans as required by banks, or requests by banks to increase the amount of pledges for secured borrowings. There is, however, a risk that the Target Group may experience such circumstances in the future. As a result of the global economic turmoil, the Target Group may experience decline in demand, reduction or cancellation of orders placed, price cut, prolonged settlement from its customers, bankruptcy or default on the part of any customers or suppliers. Please refer to the sub-section headed “Risks Relating to the Restructured Group” in the section headed “Risk Factors” of this circular for further information.

The Target Group had taken into consideration the current economic slowdown when preparing its capital expenditure plans, which may, however, be subject to adjustments with the economic development in the future. Please refer to the sub-section headed “Risk Relating to the Restructured Group” in the section headed “Risk Factors” of this circular for further information.

The following table shows certain audited financial information and operating data of the Target Group China and the Holvrieka Group, respectively, for the three years ended 31 December 2006, 2007 and 2008.

The Target Group China

	For the year ended 31 December		
	2006	**2007**	**2008**
	(RMB’000)	**(RMB’000)**	**(RMB’000)**
Turnover	1,787,281	2,739,069	3,315,167
Profit before taxation	307,738	361,320	390,147
Income tax	(25,760)	(34,138)	(52,470)
Profit for the year	281,978	327,182	337,677

The Holvrieka Group

	For the year ended 31 December		
	2006	**2007**	**2008**
	(EURO’000)	**(EURO’000)**	**(EURO’000)**
Turnover	81,954	107,385	121,433
Profit before taxation	2,264	10,756	12,950
Income tax	(514)	(2,858)	(3,353)
Profit for the year	1,750	7,898	9,597

Competitive strengths

- Well positioned to benefit from China's economic growth and the growing energy, chemical and liquid food industries in China and the world
- Leading position in a number of product categories, economies of scale, and potential to develop into an integrated manufacturer and service provider
- Top tier global customer base and good client relationship
- Advanced technologies and strong research and development capabilities
- Strong background of the controlling shareholder and experienced management team of the Restructured Group

Please refer to the sub-section headed "Competitive Strengths" under the section headed "Business of the Target Group" of this circular for further details.

Business strategies

- Maintain its leading market position in existing key products
- Improve its product portfolio and strengthen its technological advantage
- Explore growth opportunities and develop into a world class integrated manufacturer and service provider

Please refer to the sub-section headed "Business Strategies" under the section headed "Business of the Target Group" of this circular for further details.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the CIMC Concert Party Group beneficially owned approximately 41.60% of the existing issued share capital of the Company. Immediately following the allotment and issue of the New Ordinary Shares to CIMC HK (a direct wholly-owned subsidiary of CIMC), CIMC Vehicle (an indirect subsidiary of CIMC) and PGM, the shareholding of the CIMC Concert Party Group will increase to approximately 68.73% of the enlarged issued share capital of the Company (excluding the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares). Under Rule 26.1 of the Takeovers Code, the CIMC Concert Party Group would be required to make an unconditional mandatory general offer for all the issued Ordinary Shares not already owned or agreed to be acquired by them, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

As previously announced, a supplemental application was made to the Executive on 21 April 2009 to seek the grant of the Whitewash Waiver, and the Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Independent Shareholders of the Whitewash Waiver by way of poll. The CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC will abstain from voting on the resolution for approving the Whitewash Waiver.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES

Under the China Acquisition Agreement (as amended by the China Supplemental Agreement), the Company will issue a total of 201,110,348 New Ordinary Shares and 693,457,749 New Convertible Preference Shares to CIMC HK and CIMC Vehicle as full settlement of the consideration of the purchase of the entire issued share capital of Target Co China. Under the European Acquisition Agreement (as amended by the European Supplemental Agreement), the Company will issue a total of 197,341,853 New Ordinary Shares and 322,183,572 New Convertible Preference Shares to CIMC HK and PGM as full settlement of the consideration of the purchase of the entire issued share capital of Target Co Europe. The Company will seek the grant of a specific mandate from the Independent Shareholders to allot and issue new Shares to satisfy the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares.

CONTINUING CONNECTED TRANSACTIONS

It was announced on 3 June 2009 that the Company has entered into, and will enter into, certain non-exempt continuing connected transactions under Chapter 14A of the Listing Rules with the CIMC Group and Burg Industries, which are subject to the approval of the Independent Shareholders and conditional upon the completion of the Proposed Transactions. CIMC and its Associates will abstain from voting on the resolution for approving such non-exempt continuing connected transactions. Please refer to the section headed "Connected Transactions" of this circular for further information relating to the non-exempt continuing connected transactions.

PROPOSED CHANGE OF COMPANY NAME

The Directors have proposed that the English name of the Company be changed to "CIMC Enric Holdings Limited" and the Chinese name of the Company be changed to "中集安瑞科控股有限公司".

SUMMARY OF FINANCIAL INFORMATION

The following sets out a summary of the audited results of the Target Group China and the Holvrieka Group for the three years ended 31 December 2006, 2007 and 2008 and unaudited pro forma results of the Restructured Group for the year ended 31 December 2008. This summary should be read in conjunction with the accountant's report on the Target Group China set out in Appendix I, the accountant's report on the Holvrieka Group set out in Appendix II, and the unaudited pro forma financial information of the Restructured Group set out in Appendix IV to this circular.

(a) Results of the Target Group China for the Track Record Period

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Turnover	1,787,281	2,739,069	3,315,167
Cost of sales	(1,395,515)	(2,241,124)	(2,713,828)
Gross profit	391,766	497,945	601,339
Change in fair value of derivative financial instruments	—	10,255	(24,019)
Other revenue	61,562	109,987	163,304
Other operating expenses	(13,897)	(48,014)	(85,444)
Other net expenses	(206)	(267)	(923)
Selling expenses	(67,837)	(99,618)	(108,785)
Administrative expenses	(43,359)	(65,504)	(116,608)
Profit from operations	328,029	404,784	428,864
Finance costs	(20,291)	(43,464)	(38,717)
Profit before taxation	307,738	361,320	390,147
Income tax	(25,760)	(34,138)	(52,470)
Profit for the year	281,978	327,182	337,677
Attributable to:			
Equity shareholders of Target Co China	280,827	326,915	337,385
Minority interests	1,151	267	292
Profit for the year	281,978	327,182	337,677
Dividends payable to equity shareholders of Target Co China attributable to the year			
Final dividend proposed after the balance sheet date	274,747	—	—
Earnings per share			
- Basic (RMB)	28,083	32,692	33,739
- Diluted	N/A	N/A	N/A

(b) **Results of the Holvrieka Group for the Track Record Period**

	Year ended 31 December		
	2006	**2007**	**2008**
	EURO'000	**EURO'000**	**EURO'000**
Turnover	81,954	107,385	121,433
Cost of sales	(74,202)	(90,207)	(101,096)
Gross profit	7,752	17,178	20,337
Change in fair value of derivative financial instruments	—	—	(4)
Other revenue	606	652	644
Other net income	188	28	81
Selling expenses	(1,525)	(1,551)	(1,560)
Administrative expenses	(4,470)	(4,815)	(5,695)
Profit from operations	2,551	11,492	13,803
Finance costs	(287)	(736)	(853)
Profit before taxation	2,264	10,756	12,950
Income tax	(514)	(2,858)	(3,353)
Profit for the year	1,750	7,898	9,597
Attributable to equity shareholders of Holvrieka Holding	1,750	7,898	9,597
Dividend			
Interim dividend attributable to the year	—	4,000	—
Earnings per share			
Basic	0.029	0.131	0.159
Diluted	N/A	N/A	N/A

(c) Unaudited pro forma results of the Restructured Group for the year ended 31 December 2008

	The Group	Target Group China	Holvrieka Group	Holvrieka Group	Pro forma Combined	Pro forma adjustments				Pro forma Restructured Group
				(note (1))		(note (2))	(note (3))	(note (4))	(note (5))	
	RMB'000	RMB'000	EURO'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	1,237,280	3,315,167	121,433	1,234,118	5,786,565	—	—	—	(1,023)	5,785,542
Cost of sales	(907,731)	(2,713,828)	(101,096)	(1,027,434)	(4,648,993)	—	—	—	836	(4,648,157)
Gross profit	329,549	601,339	20,337	206,684	1,137,572	—	—	—	(187)	1,137,385
Change in fair value of derivative financial instruments	—	(24,019)	(4)	(41)	(24,060)	—	—	—	—	(24,060)
Other revenue	12,903	163,304	644	6,545	182,752	—	—	—	—	182,752
Other operation expenses	—	(85,444)	—	—	(85,444)	—	—	—	—	(85,444)
Other net income / (expenses)	(1,230)	(923)	81	823	(1,330)	—	—	—	—	(1,330)
Selling expenses	(62,187)	(108,785)	(1,560)	(15,854)	(186,826)	—	—	—	—	(186,826)
Administrative expenses	(111,707)	(116,608)	(5,695)	(57,878)	(286,193)	—	—	—	—	(286,193)
Profit from operations	167,328	428,864	13,803	140,279	736,471	—	—	—	(187)	736,284
Finance costs	(9,750)	(38,717)	(853)	(8,669)	(57,136)	—	—	—	—	(57,136)
Profit before taxation	157,578	390,147	12,950	131,610	679,335	—	—	—	(187)	679,148
Income tax	(23,172)	(52,470)	(3,353)	(34,076)	(109,718)	—	—	—	—	(109,718)
Profit for the year	134,406	337,677	9,597	97,534	569,617	—	—	—	(187)	569,430
Attributable to:										
Equity shareholders of the Company	134,406	337,385	9,597	97,534	569,325	—	—	—	(187)	569,138
Minority interests	—	292	—	—	292	—	—	—	—	292
Profit for the year	134,406	337,677	9,597	97,534	569,617	—	—	—	(187)	569,430

Notes to unaudited pro forma combined financial information

(1) The result and cash flow of the Holvrieka Group with Euro as the functional currency are translated into RMB at the average exchange rate for the year 2008. Items of the consolidated balance sheet, except for capital and reserves, of the Holvrieka Group are translated into RMB at the exchange rate ruling at the balance sheet date. Share capital is translated into RMB at the exchange rate ruling at 1 January 2008. The resulting exchange differences are recognised directly in reserves.

(2) Pursuant to the China Acquisition Agreement (as amended) and the European Acquisition Agreement (as amended), the Company will allot and issue shares to CIMC HK, CIMC Vehicle and PGM as below:

	Number of New Ordinary Shares to be allotted and issued	Number of New Convertible Preference Shares to be allotted and issued	Total consideration
			HK$
China Acquisition Agreement (as amended)			
Allotment and issue of shares to CIMC HK at HK$3.00 each	160,968,722	555,043,583	2,148,036,915
Allotment and issue of shares to CIMC Vehicle at HK$3.00 each	40,141,626	138,414,166	535,667,376
European Acquisition Agreement (as amended)			
Allotment and issue of shares to CIMC HK at HK$3.00 each	93,436,768	322,183,572	1,246,861,020
Allotment and issue of shares to PGM at HK$3.00 each	103,905,085	—	311,715,255
	398,452,201	1,015,641,321	4,242,280,566
Nominal value per share	HK$0.01	HK$0.01	
Nominal value of shares issued in HK$	3,984,522	10,156,413	
Nominal value of shares issued in RMB equivalent (HK$1.00 = RMB0.88156)	3,512,595	8,953,487	

The unaudited pro forma financial information of the Restructured Group has been prepared on the basis of business combination involving entities under common control, in which all of the combining enterprises are ultimately controlled by the same party both before and after the Proposed Transactions, and that the control is not transitory. The Group, the Target Group China and the Holvrieka Group are under the ultimate control of the CIMC Group as from 30 July 2007 when the CIMC Group acquired 42.18% of the issued share capital of the Company. The assets and liabilities of the Target Group China and the Holvrieka Group acquired are measured at the carrying amounts as recorded by the Target Group China and the Holvrieka Group and the difference between the carrying amount of the net assets obtained and the total nominal value of the Shares to be issued is adjusted to capital reserve. The details of nominal value of the Shares issued are as follows:

	Number of Ordinary Shares	Number of New Convertible Preference Shares	
	'000	**'000**	**RMB'000**
Nominal value of the Company's Shares issued before Proposed Transactions	459,000	—	4,769
Number of New Ordinary Shares to be allotted and issued	398,452	—	3,513
Number of New Convertible Preference Shares to be allotted and issued	—	1,015,641	8,953
Nominal value of the Company's Shares issued after Proposed Transactions	857,452	1,015,641	17,235

* Please refer to notes on share capital as set out in note 28(c) in section 2 in Appendix III to this circular.

(3) Pursuant to the China Supplemental Agreement dated 20 April 2009, RMB130 million out of the aggregate amount of approximately RMB150 million due from Zhangjiagang CIMC to CIMC Vehicle (Group) Co., Ltd. as at 31 December 2008 will be waived in full. The respective income tax effect amounts to RMB16.25 million.

(4) Estimated transaction costs directly attributable to the new listing of RMB 3,500,000 (equivalent to approximately HK$4,002,287) are incurred.

(5) The adjustment represents the elimination of the inter-company balances and inter-company transactions between the Group, the Target Group China and the Holvrieka Group.

(6) All adjustments to the pro forma account are not expected to have a continuing effect on the Group.

RISK FACTORS

Risks Relating to the Proposed Transactions

- Completion of the Proposed Transactions is subject to fulfilment of the Conditions set out in the Acquisition Agreements and there is no assurance that all of the Conditions can be fulfilled.
- The shareholding percentages of the existing Shareholders in the Company will be substantially diluted immediately following completion of the Proposed Transactions.
- Existing Shareholders will experience further dilution if the Company issues additional Ordinary Shares in the future.

Risks Relating to the Restructured Group

- Future acquisitions by the Restructured Group may be unsuccessful.
- Any decline in the ability of the operating subsidiaries of the Target Group, which will become operating subsidiaries of the Company following completion of the Proposed Transactions, to pay dividends to the Company would adversely affect the earnings of the Company.
- The Restructured Group may not be able to obtain additional funding as and when required. Further, unutilised banking facilities granted by banks and other financial institutions to the Restructured Group may be withdrawn upon occurrence of specified events stipulated in the relevant facility agreements.
- Any failure to obtain positive advice from its works council on any future financing or security arrangement of a material nature as and when needed may significantly affect the ability of Holvrieka Nirota, and possibly the ability of the Target Group Europe, to obtain the required funding, thereby adversely affecting the business prospects and financial conditions of the Target Group Europe.
- Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit the ability of the Restructured Group to acquire PRC companies and adversely affect the implementation of the strategy of the Restructured Group, and its business and prospects.
- The operations of the Restructured Group could be materially and adversely affected by the recent economic turmoil and credit tightening in the world.
- The operations of the Restructured Group may be adversely affected by adverse weather conditions and natural disasters.
- The success of the Restructured Group is dependent upon recruiting and retaining highly qualified management team and production personnel of the Restructured Group and upon their contributions.

Risks Relating to the Business of the Target Group

- Fluctuations in the supply and price of raw materials, such as stainless steel and other commodities, could result in increased cost of sales that the Target Group may not be able to pass on to its customers completely.

- The growth prospect of the Target Group is dependent on its ability to develop new products and improve its manufacturing process and other technologies. The degree of success of such new products, however, is uncertain.

- The Target Group may experience interruptions to its supply of raw materials and product parts.

- The Target Group may not be able to protect its intellectual property adequately, which could reduce its competitiveness in the market. It also relies heavily on certain major licensed third party technologies in some of its manufacturing operations, the right to use which, if discontinued, would have an adverse effect on its business, financial condition and operating results.

- The Target Group China has yet to obtain building ownership certificates in respect of certain of its buildings. Certain of its buildings were built with a gross floor area in excess to those allowed under the relevant building ownership certificate and the Target Group China may be asked to pay an additional amount for the land use right of a parcel of land.

- Electricity shortages could adversely affect the business of the Target Group in respect of its production process.

- The insurance coverage of the Target Group may not adequately protect it against certain operational risks and this may have a material adverse effect on its business.

- Dividends declared by the Target Group China and the Holvrieka Group in the past may not be indicative of the amount of future dividend payments or their future dividend policy.

Risks Relating to the Industry of the Target Group

- Global economic slowdown may negatively impact the performance of the global energy, chemical and liquid food industries.

- The Target Group faces competition from domestic and overseas manufacturers. Any increase in competition may cause the Target Group to lose market share.

Risks Relating to Conducting Business in China

- Adverse changes in the economic, political and social conditions and government policies in China could have a material adverse effect on the overall economic growth of China, which could adversely affect the business, financial condition and operating results of the Restructured Group.

- Dividends payable by the PRC subsidiaries to the Company are subject to withholding taxes under PRC tax law.

- The implementation of the new PRC employment contract law and increases in the labour cost in China may adversely affect the business and profitability of the Restructured Group.

- The laws and regulations in China relating to product qualification certificates, licences, approvals and permits change from time to time, which may have a significant impact on the business of the Target Group China.

- The Chinese government has been adopting increasingly stringent environmental protection requirements, which could affect the business of the Target Group China.

- Future movements in exchange rates may adversely affect the financial condition and operating results of the Restructured Group.

- The accession of China to the WTO requires the Chinese government to reduce import tariffs for products which compete or may compete with those of the Restructured Group, and may result in increased competition.

- The control over foreign currency exchange by the Chinese government may limit the foreign exchange transactions of the Restructured Group.

- There are uncertainties regarding the interpretation and enforcement of PRC laws and regulations, which could adversely affect the business of the Restructured Group.

- It may be difficult to effect service of process upon the Directors or the management of the Target Group China who reside in China, or to enforce against them in China any judgment obtained from non-Chinese courts.

- The possible re-occurence of an outbreak of Severe Acute Respiratory Syndrome (“SARS”) and the potential outbreak of avian flu or H1N1 influenza A worldwide, and concerns over the spread of these diseases in Asia and elsewhere, have caused, and may continue to cause, damage to economies, financial markets and business activities in Asia and elsewhere, which in return could adversely affect the business of the Restructured Group.

Risks Relating to Conducting Business in the Netherlands, Denmark and Belgium

- The technologies and designs of the Target Group Europe may not be adequately protected, and its rights to use certain technologies and designs could be challenged.
- The operations of the Target Group Europe are subject to extensive government regulations that could cause it to incur cost that materially and adversely affect its business and operating results.
- Fluctuations in exchange rates could materially and adversely affect the operating cash flows and profitability of the Target Group Europe.
- It could be difficult for investors to enforce any judgment obtained outside the Netherlands, Denmark and Belgium against the management of the Target Group Europe.

Risks Relating to this Circular

- Certain statistics contained in this circular were derived from official government publications and have not been independently verified.

JOINT SPONSORS AND INDEPENDENT FINANCIAL ADVISER

China Merchants and Deutsche Bank have been appointed as joint sponsors of the new listing application of the Company.

Somerley has been appointed as independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps). It will also advise the Whitewash Independent Board Committee on the fairness and reasonableness of the Whitewash Waiver.

RECOMMENDATIONS

The Independent Board Committee, having considered the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps), as well as the advice and recommendations of Somerley set out in the section headed "Letter from the Independent Financial Adviser" of this circular, considers that the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps) are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the non-exempt continuing connected transactions are on normal commercial terms and in the usual and ordinary course of business of the Restructured Group. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve, among other things, the

Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps). The "Letter from the Independent Board Committee" is set out on pages 82 to 83 of this circular and the "Letter from the Independent Financial Adviser" is set out on pages 84 to 85 of this circular.

The Whitewash Independent Board Committee, having considered the terms of the Proposed Transactions and the Whitewash Waiver, as well as the advice and recommendations of Somerley set out in the section headed "Letter from the Independent Financial Adviser" of this circular, considers that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Whitewash Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve, among other things, the Whitewash Waiver. The "Letter from the Whitewash Independent Board Committee" is set out on pages 79 to 80 of this circular and the "Letter from the Independent Financial Adviser" is set out on pages 81 to 131 of this circular.

On the basis of the information set out in this circular, the Directors (including members of the Independent Board Committee and of the Whitewash Independent Board Committee) consider that the passing of the resolutions for (1) the Proposed Transactions, (2) the proposed grant of the specific mandate to issue Shares, (3) the Whitewash Waiver, (4) the non-exempt continuing connected transactions (including the related proposed annual caps), (5) the proposed change of name of the Company, (6) the proposed increase in the authorised share capital of the Company, and (7) the proposed amendments to the Memorandum and Articles are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend that the Shareholders vote in favour of the resolutions set out in the notice of EGM at the end of this circular.

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

"Acquisition Agreements"	collectively, the China Acquisition Agreement (as amended or supplemented from time to time) and the European Acquisition Agreement (as amended or supplemented from time to time)
"American Brewer"	also referred to as "Der Amerikanische Bierbrauer", a US brewing industry trade journal. It is an Independent Third Party. Articles published in American Brewer cover topics that matter to decision makers in the brewing industry, with a focus on the business of beer. Contents offered by American Brewer are written and compiled by its staff comprised of experienced journalists based on their in-depth knowledge of the brewing industry. The information published in American Brewer has not been commissioned by the Restructured Group or its connected persons or the Joint Sponsors
"Announcement"	the announcement of the Company dated 10 September 2008 and published on the website of the Stock Exchange
"Articles"	the articles of association of the Company
"Associates"	having the meaning ascribed to it under the Listing Rules
"ASME"	American Society of Mechanical Engineers, a non-profit professional organisation that promotes the art, science and practice of mechanical and multidisciplinary engineering and allied sciences throughout the world, which is an Independent Third Party
"Board"	the board of Directors
"BP"	BP p.l.c, formerly known as British Petroleum, a British oil company and also one of the largest integrated oil companies in the world. It is an Independent Third Party. BP prepares the BP Statistical Review of World Energy on a yearly basis according to its extensive research of the world's energy industry and using the basic data provided by its numerous contacts worldwide
"Burg Industries"	Burg Industries B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which is beneficially owned as to 100% by CIMC Burg, and is a holding company of the Holvrieka Group before completion of the Reorganisation

"Burg Industries Group"	Burg Industries and its subsidiaries
"BV"	Bureau Veritas, a French certification organisation, which is an Independent Third Party
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and carried on by HKSCC
"CCS"	China Classification Society, the only professional institution in China which carries on classification survey of ships
"Charm Ray"	Charm Ray Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability, which is a wholly-owned subsidiary of Perfect Vision
"Charm Wise"	Charm Wise Limited, a company incorporated under the laws of the BVI with limited liability, which was beneficially interested in 41.55% of the issued share capital of the Company as at the Latest Practicable Date, and a direct wholly-owned subsidiary of CIMC HK
"China" or **"PRC"**	People's Republic of China, which, for the purposes of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan; and the term "Chinese" shall be interpreted accordingly
"China Acquisition Agreement"	the conditional sale and purchase agreement dated 2 September 2008 made among the Company as purchaser and CIMC HK and CIMC Vehicle as vendors, in respect of the sale and purchase of the entire issued share capital of Target Co China
"China Merchants"	China Merchants Securities (HK) Co., Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being one of the joint sponsors to the new listing application of the Company and the joint financial advisers to the Company in respect of the Proposed Transactions

"China New Time"	中國新時代認證中心 (China New Time Certification Centre), a PRC certification organisation, which is an Independent Third Party
"China Supplemental Agreement"	the supplemental agreement dated 20 April 2009 made among the Company as purchaser and CIMC HK and CIMC Vehicle as vendors, in respect of the China Acquisition Agreement
"CIMC"	中國國際海運集裝箱(集團)股份有限公司 (China International Marine Containers (Group) Co., Ltd.), a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange, and beneficially owned as to 22.75% by China Ocean Shipping (Group) Company (held through its indirect subsidiaries as to 21.80% by COSCO Container Industries Limited, as to 0.95% by Long Honour Investments Limited, as to 24.82% by China Merchants Industry Holdings Co., Ltd. (held through its indirect subsidiaries as to 16.74% by China Merchants (CIMC) Investment Limited, as to 1.31% by Bestrain Investment Limited and as to 6.77% by China Merchants (CIMC) Holdings Limited and as to 52.43% by the public
"CIMC Burg"	CIMC Burg B.V., a company (*Besloten Vennootschap*) established under the laws of the Netherlands with limited liability and an indirect non wholly-owned subsidiary of CIMC, which is beneficially owned as to 20% by PGM and as to 80% by CIMC Europe BVBA, which is beneficially owned as to 99% by CIMC Tank Equipment and as to 1% by CIMC HK
"CIMC BVI"	CIMC Holdings (B.V.I.) Limited, a company incorporated under the laws of the BVI, which is an indirect wholly-owned subsidiary of CIMC
"CIMC Concert Party Group"	CIMC, CIMC HK, CIMC Vehicle, Charm Wise, PGM and parties acting in concert (as defined under the Takeovers Code) with any of them
"CIMC Group"	CIMC and its subsidiaries (excluding members of the Group), and, where the context so admits or requires, excluding members of the Target Group
"CIMC HK"	China International Marine Containers (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with limited liability, which is a direct wholly-owned subsidiary of CIMC

"CIMC Tank Equipment"	CIMC Tank Equipment Investment Holdings Co., Ltd., a company incorporated under the laws of Hong Kong with limited liability, which is beneficially owned as to 15% by CIMC HK and as to 85% by CIMC BVI, both indirect wholly-owned subsidiaries of CIMC
"CIMC Vehicle"	CIMC Vehicle Investment Holdings Company Limited, a company incorporated under the laws of the BVI with limited liability, which is a direct wholly-owned subsidiary of CIMC Vehicle Group
"CIMC Vehicle Group"	CIMC Vehicle (Group) Co., Ltd., a company established under the laws of the PRC, which is beneficially owned as to 56% by CIMC and as to 24% by CIMC HK
"CNAS"	中國合格評定國家認可委員會(China National Accreditation Service for Conformity Assessment), an accreditation body in China responsible for the accreditation of certification bodies, laboratories and inspection bodies, which is an Independent Third Party
"Columbiana Purchase Agreement"	the purchase agreement dated 4 January 2007 made between CIMC and Columbiana Boiler Company, LLC, pursuant to which CIMC has agreed to purchase from Columbiana Boiler Company, LLC a 25% interest in certain patent rights for manufacturing freight containers, including the right for CIMC and its affiliates (including Nantong CIMC) to use the patent rights
"Companies Law"	Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Enric Energy Equipment Holdings Limited (安瑞科能源裝備控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 28 September 2004, the Ordinary Shares of which are listed on the Main Board of the Stock Exchange

"Confirmatory Agreement on Patent and Know-how Sub-licence"	the confirmatory agreement on patent and know-how sub-licence dated 31 May 2009 made between CIMC and Nantong CIMC, pursuant to which CIMC has granted Nantong CIMC a sub-licence to use the know-how and the contract patents mentioned in the Patent and Know-how Licence Agreement to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market
"Conditions"	conditions precedent to completion of the Proposed Transactions, as set out in the paragraph headed "Conditions" in the sub-section headed "The Acquisition Agreements" in the section headed "Letter from the Board" of this circular
"Consideration Shares"	the New Ordinary Shares and the New Convertible Preference Shares
"Coöperatie Vela Holding"	Coöperatie Vela Holding U.A., a company *(Uitsluiting van Aansprakelijkheid)* established under the laws of the Netherlands with exclusion of liability, which will become a direct wholly-owned subsidiary of Target Co Europe before completion of the Proposed Transactions
"CSCBPV"	全國鍋爐壓力容器標準化技術委員會 (China Standardisation Committee on Boilers and Pressure Vessels), a national-level institution which organises and undertakes the formulation of the relevant national and industrial standards in relation to the design, manufacturing, inspection and acceptance of boilers, pressure vessels, thermal equipment and round tank containers with a capacity of over 50 cubic metres. It is an Independent Third Party
"Deed of Non-compete Undertakings"	the deed of non-compete undertakings dated 1 June 2009 made by CIMC in favour of the Company
"Deutsche Bank"	Deutsche Bank AG, Hong Kong Branch, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and a licensed bank under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong), being one of the joint sponsors to the new listing application of the Company and one of the joint financial advisers to the Company in respect of the Proposed Transactions
"Directors"	directors of the Company
"DOT"	Department of Transportation of the US

"DTZ"	DTZ Debenham Tie Leung Limited, an independent property valuer
"EGM"	the extraordinary general meeting of the Company to be held at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 26 June 2009 at 11:00 a.m. to approve, among other things, the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, the Whitewash Waiver, the non-exempt continuing connected transactions (including the related proposed annual caps), the proposed change of name of the Company, the proposed increase in the authorised share capital of the Company, and the proposed amendments to the Memorandum and Articles
"Enric Compressor"	安瑞科(蚌埠)壓縮機有限公司 (Enric (Bengbu) Compressor Company Limited), a company established under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
"Enric Gas Equipment"	石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Company Limited), a company established under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
"Enric Integration"	安瑞科(廊坊)能源裝備集成有限公司 (Enric (Langfang) Energy Equipment Integration Company Limited), a company established under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
"European Acquisition Agreement"	the conditional sale and purchase agreement dated 2 September 2008 made among the Company as purchaser and CIMC HK and PGM as vendors, in respect of the sale and purchase of the entire issued share capital of Target Co Europe
"European Supplemental Agreement"	the supplemental agreement dated 20 April 2009 made among the Company as purchaser and CIMC HK and PGM as vendors in relation to the European Acquisition Agreement
"EURO" or **"EUR"**	EURO, the lawful currency of the European Union
"Executive"	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director

"FDA"	Food and Drug Administration of the US, an agency of the Department of Health and Human Services of the US, which is responsible for the safety regulation of most types of foods, dietary supplements, drugs, vaccines, biological medical products, blood products, medical devices, radiation-emitting devices, veterinary products, and cosmetics
"Further Delay Announcement"	an announcement of the Company dated 12 December 2008 and published on the website of the Stock Exchange
"GAQSIQ"	國家質量監督檢驗檢疫總局 (General Administration of Quality Supervision, Inspection and Quarantine of the PRC)
"GDP"	gross domestic products
"Group"	the Company and its subsidiaries
"Hazardous Cargo Bulletin"	a leading magazine for those involved in the transport, storage and handling of chemicals, oils, gases and related materials worldwide. It is an Independent Third Party. It includes regular features and in-depth surveys on all aspects of tank container and road tanker transportation, shipping, storage and distribution and industrial packaging. It prepares its surveys based on its extensive research of the relevant fields
"HK$" or **"HKD"**	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards, which set out the accounting principles applicable in Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Holvrieka Danmark"	Holvrieka Danmark A/S, a company *(Aktieselskab)* established under the laws of Denmark with limited liability, which is a direct wholly-owned subsidiary of Holvrieka Holding
"Holvrieka Group" ***(Note)***	the group of companies comprising Holvrieka Holding, Holvrieka N.V., Holvrieka Danmark, Holvrieka Ido, Holvrieka Nirota and Noordkoel
"Holvrieka Holding"	Holvrieka Holding B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which will become a direct wholly-owned subsidiary of Vela Holding after completion of the Reorganisation but before completion of the Proposed Transactions

"Holvrieka Ido"	Holvrieka Ido B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which will become a direct wholly-owned subsidiary of Holvrieka Holding after completion of the Reorganisation but before completion of the Proposed Transactions
"Holvrieka Management Agreement"	the management agreement to be entered into between Holvrieka Holding and Burg Industries for the management services provided by Burg Industries to the Holvrieka Group
"Holvrieka Master Sale of Tanks Agreement"	the master sale of tanks agreement to be entered into between the Company and Burg Industries for the sale of tanks by the Restructured Group to the Burg Industries Group and its Associates
"Holvrieka Master Supply of Spare Parts Agreement"	the master supply of spare parts agreement to be entered into between the Company and Burg Industries for the supply of spare parts by the Burg Industries Group and its Associates to the Restructured Group
"Holvrieka N.V."	Holvrieka N.V., a company *(Naamloze Vennootschap)* established under the laws of Belgium with limited liability, which is beneficially owned as to 99.97% by Holvrieka Holding and as to 0.03% by Burg Industries
"Holvrieka Nirota"	Holvrieka Nirota B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which is a direct wholly-owned subsidiary of Holvrieka Holding
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"IAF"	The International Accreditation Forum, Inc., the world association of Conformity Assessment Accreditation Bodies and other bodies interested in conformity assessment in the fields of management systems, products, services, personnel and other similar programmes of conformity assessment, which is an Independent Third Party
"IEA"	International Energy Agency, an autonomous body which was established in November 1974 within the framework of the Organisation for Economic Co-operation and Development (OECD) to implement an international energy programme, which is an Independent Third Party

"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan, constituted to make recommendations to the Independent Shareholders in respect of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps)
"Independent Financial Adviser" or **"Somerley"**	Somerley Limited, the independent financial adviser to the Independent Board Committee and the Whitewash Independent Board Committee, which is a licensed corporation to conduct Type 1 (dealings in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities under the SFO
"Independent Shareholders"	Shareholders other than the CIMC Concert Party Group, who are not connected, interested or involved in the Proposed Transactions and the Whitewash Waiver
"Independent Third Party"	a party which is independent of and not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or any of their respective Associates
"Industrial Insights"	a publication of the SMACNA (Sheet Metal and Air Conditioning Contractors' National Association) Industrial Contractors Council. SMACNA is an international trade association representing 4500 contributing contractor firms that promotes quality and excellence in the sheet metal and air conditioning fields. SMACNA is an Independent Third Party. The articles in Industrial Insights are prepared based on the specialist knowledge of the SMACNA Industrial Contractors Council.
"Jiangsu STD"	江蘇省科學技術廳 (Jiangsu Provincial Science and Technology Department)
"Joint Sponsors"	China Merchants and Deutsche Bank
"Latest Practicable Date"	29 May 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this circular

"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Lloyd's" or "LR"	Lloyd's Register Group, a maritime classification society and independent risk management organisation
"Long Stop Date"	2 September 2009
"Low Height Frame Tank Container Technology Transfer Agreement"	the 11,000 litre and 14,000 litre low height frame tank container technology transfer and technical assistance contract dated 28 September 2006 made among CIMC BVI, UBHI and Nantong CIMC, pursuant to which UBHI has granted CIMC BVI an exclusive, non-transferable licence to use certain know-how to manufacture 11,000 litre and 14,000 litre low height frame tank containers in China, and pursuant to the same agreement, CIMC BVI has granted Nantong CIMC a sub-licence to use the know-how to manufacture 11,000 litre and 14,000 litre low height frame tank containers in China
"Manner Kind"	Manner Kind International Limited, a company incorporated under the laws of the BVI with limited liability, which is a direct wholly-owned subsidiary of Target Co China
"Master Agreements"	the Master Supply of Spare Parts Agreement, the Master Sale of Products Agreement, the Master Processing Services Agreement, the Master Comprehensive Services Agreement, the Holvrieka Master Sale of Tanks Agreement, the Holvrieka Supply of Spare Parts Agreement and the Holvrieka Management Agreement
"Master Comprehensive Services Agreement"	the master comprehensive services agreement to be entered into between the Company and CIMC for the provision of comprehensive services by the Restructured Group and its Associates to the CIMC Group (excluding the Restructured Group) and its Associates
"Master Processing Services Agreement"	the master processing services agreement to be entered into between the Company and CIMC for the provision of processing services by the CIMC Group (excluding the Restructured Group) and its Associates to the Restructured Group and its Associates
"Master Sale of Products Agreement"	the master sale of products agreement to be entered into between the Company and CIMC for the sale of products by the Restructured Group and its Associates to the CIMC Group (excluding the Restructured Group) and its Associates

"Master Supply of Spare Parts Agreement"	the master supply of spare parts agreement to be entered into between the Company and CIMC for the provision of spare parts by the CIMC Group (excluding the Restructured Group) and its Associates to the Restructured Group and its Associates
"Memorandum"	the memorandum of association of the Company
"Nantong CIMC"	南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited), a company established under the laws of the PRC with limited liability, which is a direct wholly-owned subsidiary of Win Score
"Nantong Group"	a group of companies comprising Manner Kind, Win Score and Nantong CIMC
"NCLS"	南通中集大型儲罐有限公司 (Holvrieka China Company Limited), a company established under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of CIMC
"New Ordinary Shares"	new Ordinary Shares to be allotted and issued at an issue price of HK$3.00 per Ordinary Share to settle part of the consideration (such part being HK$1,195,356,603) for the purchase of the entire issued share capital of Target Co China pursuant to the China Acquisition Agreement (as amended) and the entire issued share capital of Target Co Europe pursuant to the European Acquisition Agreement (as amended)
"New Convertible Preference Shares"	new non-redeemable convertible preference shares to be allotted and issued at an issue price of HK$3.00 per each new non-redeemable convertible preference share to settle part of the consideration (such part being HK$3,046,923,963) for the purchase of the entire issued share capital of Target Co China pursuant to the China Acquisition Agreement (as amended) and the entire issued share capital of Target Co Europe pursuant to the European Acquisition Agreement (as amended)
"Noordkoel"	Noordkoel B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which is a direct wholly-owned subsidiary of Holvrieka Holding
"Ordinary Shares"	ordinary shares of HK$0.01 each in the share capital of the Company

"Patent and Know-how Licence Agreement"	the patent and know-how licence agreement dated 24 December 2006 made between CIMC and WEW, pursuant to which WEW has granted CIMC an exclusive, non-transferable licence to use certain know-how and certain contract patents to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market
"PBOC"	People's Bank of China, the central bank of China
"Perfect Version"	Perfect Version International Limited, a company incorporated under the laws of the BVI with limited liability, which is a direct wholly-owned subsidiary of Target Co China
"PGM"	P.G.M. Holding B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which is beneficially owned as to 99.50% by Mr. Peter van der Burg, who is also the Chief Executive Officer and the President of Burg Industries, and as to 0.50% by Ms. Jolanda van der Burg-Moritz, the wife of Mr. Peter van der Burg
"PRC GAAP"	generally accepted accounting principles in China
"Proposed Transactions"	the transactions contemplated under the Acquisition Agreements and all other incidental transactions
"Relevant Business"	the business of design, manufacturing and sales of specialised energy equipment and the provision of integrated business solutions, design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, transportation, storage and processing equipment that is used in the energy, chemical and liquid food industries as currently conducted by the Company and the Target Group
"Reorganisation"	the reorganisation exercise of the Target Group described in the sub-section headed "The Reorganisation" in the section headed "History and Background of the Target Group" of this circular
"Repurchase Mandate"	the general mandate to exercise the power of the Company to repurchase shares up to a maximum of 10% of the issued share capital of the Company as set at the date of the resolution approving the Repurchase Mandate
"Restructured Group"	the Company and its subsidiaries, together with the Target Group, following completion of the Proposed Transactions

"RMB" or **"Renminbi"**	Renminbi, the lawful currency of China
"SAFE"	中華人民共和國國家外滙管理局 (State Administration of Foreign Exchange of the PRC)
"SAIC"	中華人民共和國國家工商行政管理總局 (State Administration For Industry and Commerce of the PRC)
"SASAC"	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC)
"SFC"	Securities and Futures Commission in Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder"	holder of Ordinary Shares
"Shares"	Ordinary Shares and New Convertible Preference Shares
"Share Option Scheme"	the existing share option scheme of the Company adopted by a resolution of the Shareholders on 12 July 2006
"Share Options"	share options of the Share Option Scheme
"sq.m."	square metres
"State"	the central government of China, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"State Council"	中國國務院 (State Council of the PRC)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Announcement"	the announcement of the Company dated 20 April 2009 and published on the website of the Stock Exchange
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Target Co China"	Sound Winner Holdings Limited, a company incorporated under the laws of the BVI with limited liability, which is beneficially owned as to 80.04% by CIMC HK and as to 19.96% by CIMC Vehicle
"Target Co Europe" ***(Note)***	Full Medal Limited, a company incorporated under the laws of the BVI with limited liability, which is beneficially owned as to 80% by CIMC HK and as to 20% by PGM

"Target Group"	the group of companies to be acquired by the Company pursuant to the China Acquisition Agreement and the European Acquisition Agreement, which comprises the Target Group China and the Target Group Europe
"Target Group China"	the group of companies to be acquired by the Company pursuant to the China Acquisition Agreement, which comprises Target Co China, Manner Kind, Perfect Vision, Win Score, Charm Ray, Nantong CIMC and Zhangjiagang CIMC
"Target Group Europe" (*Note*)	the group of companies to be acquired by the Company pursuant to the European Acquisition Agreement, which comprises Target Co Europe, Coöperatie Vela Holding, Vela Holding, and the Holvrieka Group
"Technology Licence Agreement"	the technology licence agreement dated 19 March 2009 between Holvrieka Holding and CIMC Tank Equipment, pursuant to which Holvrieka Holding has granted to CIMC Tank Equipment and its affiliates a non-exclusive licence to use the know-how and trademarks of Holvrieka Holding in respect of the design, manufacturing and sale of tank and related parts in China
"Trademark Licence Agreement"	the trademark licence agreement to be entered into between CIMC and the Company, pursuant to which CIMC will grant to the Restructured Group a non-exclusive licence to use certain trademarks including, among others, "CIMC 中集" and "CIMC" in the Relevant Business
"The Sub-Committee on Transportable Pressure Vessels of CSCBPV"	a national-level organisation in China which is responsible for the formulation and implementation of the relevant national and industrial standards and rules in relation to boilers, pressure vessels and cryogenic equipment. It is an Independent Third Party. The Sub-Committee on Transportable Pressure Vessels of CSCBPV has expressed views in respect of cryogenic equipment manufacturers and their business activities based on its specialist knowledge and good understanding of the cryogenic equipment manufacturing sector. The information provided by The Sub-Committee on Transportable Pressure Vessels of CSCBPV has not been commissioned by the Restructured Group or its connected persons or the Joint Sponsors
"Track Record Period"	the three financial years ended 31 December 2006, 2007 and 2008

"TÜV"	TÜV Rheinland Group, an international certification organisation which is engaged in product and system certification, and is an Independent Third Party
"UBHI"	Universal Bulk Handling International Ltd., a company incorporated under the laws of England, which engages in the business of manufacturing and sales of tank containers, and is an Independent Third Party
"Universal Collar Tank Technology Transfer Agreement"	the universal collar tank technology transfer and technical assistance contract dated 29 July 2002 made among CIMC BVI, UBHI and Nantong CIMC Special Transportation Equipment Co., Ltd., pursuant to which UBHI has granted CIMC BVI an exclusive, non-transferable licence to use certain know-how to manufacture collar tank containers in the PRC and a non-transferable licence to use the name or mark "Universal Collar Tank" on those products
"Universal Collar Tank Technology Transfer Sub-licence Agreement"	the technology transfer sub-licence agreement dated 1 January 2004 made among CIMC BVI and Nantong CIMC, pursuant to which CIMC BVI has granted Nantong CIMC a sub-licence to use the know-how mentioned in the Universal Collar Tank Technology Transfer Agreement to manufacture collar tank containers in the PRC and a sub-licence to use the name or mark "Universal Collar Tank" on those products
"UK"	United Kingdom
"US"	United States of America
"US$" or **"US dollars"**	US dollars, the lawful currency of the United States of America
"VCI"	Association of the German Chemicals Industry, which represents the interests of 1,600 German companies and foreign subsidiaries that cover over 90% of the entire German chemical industry. It is an Independent Third Party. VCI provides on its website an updated overview of the chemicals industry. It also offers a database for products, services and manufacturers in the chemical industry called Chemcompass in conjunction with the German Association of Chemical Trade and Distribution (VCH). Such overview and database are prepared based on its in-depth knowledge and research of the chemicals industry

"Vela Holding"	Vela Holding B.V., a company *(Besloten Vennootschap)* established under the laws of the Netherlands with limited liability, which is a direct wholly-owned subsidiary of Coöperatie Vela Holding
"WEW"	WEW Westerwalder Eisenwerk GmbH, a company *(Gesellschaft mit beschränkter Haftung)* established under the laws of Germany, which engages in the business of manufacturing and sales of gas tank containers, and is an Independent Third Party
"Whitewash Independent Board Committee"	an independent committee of the Board, (which, at the time of its constitution as disclosed in the Announcement, comprised the non-executive Directors who have no direct or indirect interest in the Proposed Transactions and the Whitewash Waiver, namely, Mr. Yang Yu, Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan, and, following the resignation of Mr. Yang Yu as a non-executive Director on 11 May 2009, comprises henceforth only all the independent non-executive Directors, namely Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan, constituted to make recommendations to the Independent Shareholders in respect of the Whitewash Waiver
"Whitewash Waiver"	a waiver in respect of the obligation of the CIMC Concert Party Group to make a mandatory offer to the Independent Shareholders in respect of the issued Ordinary Shares not already owned or agreed to be acquired by the CIMC Concert Party Group as a result of the issue of the New Ordinary Shares, in accordance with Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code
"Win Score"	Win Score Investments Limited, a company incorporated under the laws of Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Manner Kind
"WorldCargo News"	a well-known logistics industrial magazine and an information exchange platform for the container sector. Each month WorldCargo News and its associated websites report on all aspects of the logistics chain, from container and tank operation and manufacture to port and terminal developments, from refrigerated transport and handling to combined and multimodal systems and services. It is an Independent Third Party. It prepares statistics of the tank container production volume based on its interviews of all the tank container manufacturers each year and its extensive research of the tank container manufacturing sector. The information published in the WorldCargo News has not been commissioned by the Restructured Group or its connected persons or the Joint Sponsors

"WTO"	World Trade Organisation
"Zhangjiagang CIMC"	張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.), a company established under the laws of the PRC with limited liability, which is a direct wholly-owned subsidiary of Charm Ray
"Zhangjiagang Group"	a group of companies comprising Perfect Version, Charm Ray and Zhangjiagang CIMC

For the purpose of this circular, unless otherwise stated, certain currencies have been translated at the following rates:

HK$1.00	=	RMB0.8745
HK$7.8100	=	US$1.00
HK$10.1429	=	EURO 1.00
EURO 1.00	=	RMB8.8701

Those exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in US dollars or Hong Kong dollars, RMB, US dollars or EURO have been, could have been or may be converted at such or any other rates or at all.

Certain amounts set out in this circular has been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

The English names of the Chinese nationals, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

Note: Pursuant to the Reorganisation, the Holvrieka Group will be controlled by CIMC through a chain of companies involving Target Co Europe, Coöperatie Vela Holding and Vela Holding. CIMC acquired certain shares of Burg Industries B.V. on 26 June 2007, and has since then also become the ultimate holding company of Holvrieka Holding. Each of Target Co Europe, Coöperatie Vela Holding and Vela Holding was incorporated by CIMC HK and PGM in the British Virgin Islands on 8 August 2008, by Burg Industries and PGM in the Netherlands on 29 August 2008, and by Coöperatie Vela Holding in the Netherlands on 3 September 2008, respectively. Each of Target Co Europe, Coöperatie Vela Holding and Vela Holding was specifically incorporated for the purpose of the acquisition of the Holvrieka Group and serves principally as an investment holding entity of CIMC only. None of them has since incorporation engaged in any business operation. Only the audited consolidated financial information of the Holvrieka Group during the Track Record Period has been set out and discussed in this circular. Shareholders and potential investors should therefore note that the financial position and results of each of Target Co Europe, Coöperatie Vela Holding and Vela Holding have not been reported on by the reporting accountants nor set out in this circular. The exclusion of such information on these three entities will not distort Shareholders' review and consideration of the underlying target business: the Holvrieka Group.

For this reason, for the purposes of this circular, the "Holvrieka Group" is used where it relates to information extracted from the accountants' report of the Holvrieka Group, and the "Target Group Europe" is used where it relates to information of the Target Group Europe as such.

"A2/C2/C3"	licences in respect of pressure vessels issued to enterprises which manufacture, sell and carry out examination of pressure vessels or provide other services according to the approval of the GAQSIQ, pursuant to a document entitled《鍋爐壓力容器製造監督管理辦法》(Licence Conditions for Manufacturing Boilers and Pressure Vessels) (document number: Guo Zi Jian Guo (2003) 194), of which A2 is the code of the pressure vessel products under class 3 as set out in the《有關壓力容器與中低檔壓力容器的安全技術管理辦法》 (Administrative Regulations on Safety and Technology for Pressure Vessels and Low and Medium Pressure Vessels); C2 is the code of pressurised road tankers, tank trucks and tube trailers; and C3 is the code of pressurised tank containers
"B3"	a licence in respect of special cylinders issued to enterprises which manufacture, sell and carry out examination of special cylinders or provide other services according to the approval of the GAQSIQ, pursuant to a document entitled《有關製造鍋爐及壓力容器的監督管理條例》 (Supervision and Administration Regulations on Manufacture of Boilers and Pressure Vessels) (document number: GAQSIQ Order No. 22)
"Btu"	British thermal units
"CNG"	compressed natural gas
"CO_2"	carbon dioxide, a substance generated from, amongst other things, the combustion of fossil fuels
"DME"	dimethyl ether, a type of clean, environmentally-friendly energy
"GMP"	Good Manufacturing Practice Regulations promulgated by the FDA under the authority of the Federal Food, Drug, and Cosmetic Act of the US
"HAZOP"	Hazard and Operability Studies, a methodology for identifying and dealing with potential problems in industrial processes, particularly those which would create a hazardous situation or a severe impairment of the process
"ISO"	International Organisation for Standardisation, an organisation which is responsible for ISO 9000, ISO 14000, ISO 27000, ISO 22000 and other international management standards

"KPa"	kilopascal or a thousand pascals, which is the unit of measurement of perpendicular force per unit area (1 KPa is equivalent to one thousand Newton per square metre)
"LAr"	liquid argon, a type of argogenic liquefied industrial gas
"LIN"	liquefied nitrogen, a type of cryogenic liquefied industrial gas
"LC_2H_4"	liquefied methane, the major component of LNG
"LCNG"	LNG and CNG, which is used to define the functions of fuelling stations
"LCO_2"	liquefied carbon dioxide, the feed-stock for manufacturing dry ice, which is used for a wide variety of applications
"LNG"	liquefied natural gas
"LOX"	liquefied oxygen
"LPG"	liquefied petroleum gas
"MPa"	megapascal or a million pascals, which is the unit of measurement of perpendicular force per unit area (1 MPa is equivalent to one million Newton per square metre)
"Mtoe"	millions of tonnes of oil equivalent
"PCB"	polychlorinated biphenyls, a persistent organic pollutant which is bio-accumulative in animals
"PED"	Presure Equipment Directive, which sets out the standards for pressure vessels sold to the European Union countries. Starting from May 2002, all pressure vessels sold to the European Union must comply with the Pressure Equipment Directive, PED, 97/23/EC
"sub-assembly"	an assembled unit designed to be fitted to a larger unit of which it is a component
"toe"	tonnes of oil equivalent
"TPED"	Transportable Pressure Equipment Directive (99/36/EC), which became mandatory in the European Union in July 2003 and applies to most transportable pressure equipment within the European Union
"U2"	a certificate or a stamp certifying the pressure vessels designed, manufactured and examined according to ASME Section VIII division 2

CORPORATE INFORMATION

The following sets out the corporate information relating to the Restructured Group immediately following completion of the Proposed Transactions:

Registered office	Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office in China/Headquarters	CIMC R&D Center No. 2 Gangwan Avenue Shekou Industrial Zone Shenzhen, Guangdong PRC
Principal place of business in Hong Kong	Room 3104, 31st Floor Tower One, Lippo Centre No. 89 Queensway Hong Kong
Company secretary	Cheong Siu Fai (張紹輝) *CPA*
Audit committee	Wong Chun Ho (王俊豪) *CFA, CPA (Chairman)* Gao Zhengping (高正平) Shou Binan (壽比南)
Remuneration committee	Jin Jianlong (金建隆) *(Chairman)* Gao Zhengping (高正平) Shou Binan (壽比南)
Nomination committee	Jin Yongsheng (金永生) *(Chairman)* Wong Chun Ho (王俊豪) Gao Zhengping (高正平)
Authorised representatives	Jin Yongsheng (金永生) No. 1-502, Jincheng Lane Langfang City Hebei PRC Cheong Siu Fai (張紹輝) *CPA* Flat F, 21st Floor Block 1, Sunshine Grove Tak Yi Street Shatin, New Territories Hong Kong

CORPORATE INFORMATION

Auditor	KPMG *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Compliance adviser	China Merchants Securities (HK) Co., Limited 48th Floor, One Exchange Square Central Hong Kong
Principal bankers	China Construction Bank 25 Finance Street Beijing PRC Bank of Communications 188 Yinchengzhong Road Shanghai PRC Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong
Principal share registrar and transfer office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P. O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited 46th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company's website	www.enricgroup.com (information contained in this website does not form part of this circular)
Investor relations portal	www.irasia.com/listco/hk/enric

The following were the Directors as at the Latest Practicable Date:

Name	Address	Nationality
Existing executive Directors		
Mr. ZHAO Qingsheng (趙慶生)	17A, Yiting Garden No. 50, Ai Rong Road Shekou Industrial District Shenzhen Guangdong PRC	Chinese
Mr. JIN Yongsheng (金永生)	No. 1-502, Jincheng Lane Langfang City Hebei PRC	Chinese
Mr. WU Fapei (吳發沛)	26D Tianhai Haojing Building Shekou Zone Nanshan District Shenzhen Guangdong PRC	Chinese
Mr. JIN Jianlong (金建隆)	Room 701, Building 4 Yu Yuan Shekou Nanshan District Shenzhen Guangdong PRC	Chinese
Mr. YU Yuqun (于玉群)	No. 7-502 Three District, Shuiwan Shekou Zone Shenzhen Guangdong PRC	Chinese
Mr. SHI Caixing (施才興)	No.23, Pujiawan Road Zhangjiagang Jiangsu PRC	Chinese

Name	Address	Nationality
Mr. QIN Gang (秦鋼)	Block 26 Room 5H Phase II, Haiyue Garden Shekou Shenzhen Guangdong PRC	Chinese
Existing independent non-executive Directors		
Mr. WONG Chun Ho (王俊豪)	Flat E, 6th Floor Block 27, South Horizons Ap Lei Chau Hong Kong	Chinese
Mr. GAO Zhengping (高正平)	No. 1, Xingjian Li Gansu Road Heping District Tianjin PRC	Chinese
Mr. SHOU Binan (壽比南)	No. 10-1-501, Zhiqiangbeiyuan North Taiping Zhuangwai Haidian District Beijing PRC	Chinese

Financial advisers and joint sponsors to the Company	Deutsche Bank AG, Hong Kong Branch 48th Floor, Cheung Kong Center 2 Queen's Road Central Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48th Floor, One Exchange Square Central Hong Kong
Independent financial adviser to the Independent Board Committee and to the Whitewash Independent Board Committee	Somerley Limited 10th Floor, The Hong Kong Club Building 3A Chater Road Central Hong Kong
Legal advisers to the Company	*as to Hong Kong Law:* Paul, Hastings, Janofsky & Walker 22nd Floor, Bank of China Tower 1 Garden Road Central Hong Kong
	as to PRC Law: Commerce and Finance Law Offices 6th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing 10022 PRC
	as to Cayman Islands Law: Conyers Dill & Pearman Cricket Square Hutchins Drive Grand Cayman KY1-1111 Cayman Islands

Legal advisers to the Sponsors	*as to Hong Kong Law:* Morrison & Foerster 33rd Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC Law:* Jun He Law Offices 8 Jianguomenbei Avenue, Beijing 100005, PRC
Reporting accountant	KPMG *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property valuer	DTZ Debenham Tie Leung Limited 16th Floor, Jardine House 1 Connaught Place Central Hong Kong

Enric Energy Equipment Holdings Limited
安瑞科能源裝備控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3899)

Executive Directors:
Zhao Qingsheng *(Chairman)*
Jin Yongsheng *(Chief Executive Officer)*
Wu Fapei
Jin Jianlong
Yu Yuqun
Shi Caixing
Qin Gang

Independent non-executive Directors:
Wong Chun Ho
Gao Zhengping
Shou Binan

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

Principal place of business in Hong Kong:
Room 3104, 31st Floor
Tower One
Lippo Centre
No. 89 Queensway
Hong Kong

3 June 2009

To the Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTION AND VERY SUBSTANTIAL ACQUISITION
(2) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION
(3) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES
(4) APPLICATION FOR WHITEWASH WAIVER
(5) CONTINUING CONNECTED TRANSACTIONS
(6) PROPOSED CHANGE OF COMPANY NAME
(7) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
(8) PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

INTRODUCTION

It was announced on 10 September 2008 that: (1) the Company as purchaser and CIMC HK and CIMC Vehicle as vendors entered into the China Acquisition Agreement after trading hours on 2 September 2008, pursuant to which the Company has conditionally agreed to purchase from CIMC HK and CIMC Vehicle, and CIMC HK and CIMC Vehicle have conditionally agreed to sell to the Company, 80.04% and 19.96%, respectively, of the issued share capital of Target Co China; and (2) the Company as purchaser and CIMC HK and PGM as vendors entered into the European Acquisition Agreement after trading hours on 2 September 2008, pursuant to which the Company has conditionally agreed to purchase from CIMC HK and PGM, and CIMC HK and PGM have conditionally agreed to sell to the Company, 80% and 20%, respectively, of the issued share capital of Target Co Europe.

It was further announced on 20 April 2009 that the Company, CIMC HK and CIMC Vehicle entered into the China Supplemental Agreement, pursuant to which the consideration for the sale and purchase of the entire issued share capital of Target Co China as well as the numbers and the issue prices of the New Ordinary Shares and the New Convertible Preference Shares to be allotted and issued for settlement of such consideration under the China Acquisition Agreement have been amended as follows:

(i) *Purchase of 80.04% of the issued share capital of Target Co China from CIMC HK*

	Original Terms	**Amended Terms**
Total consideration	Approximately HK$5,025,888,917	HK$2,148,036,915
Number of New Ordinary Shares	162,305,990	160,968,722
Issue price per New Ordinary Share	HK$4.49	HK$3.00
Number of New Convertible Preference Shares	957,045,662	555,043,583
Issue price per New Convertible Preference Share	HK$4.49	HK$3.00

(ii) *Purchase of 19.96% of the issued share capital of Target Co China from CIMC Vehicle*

	Original Terms	**Amended Terms**
Total consideration	Approximately HK$1,253,545,131	HK$535,667,376
Number of New Ordinary Shares	40,481,970	40,141,626
Issue price per New Ordinary Share	HK$4.49	HK$3.00
Number of New Convertible Preference Shares	238,704,028	138,414,166
Issue price per New Convertible Preference Share	HK$4.49	HK$3.00

It was also announced on 20 April 2009 that, the Company, CIMC HK and PGM entered into the European Supplemental Agreement, pursuant to which the consideration for the sale and purchase of the entire issued share capital of Target Co Europe as well as the numbers and the issue prices of the New Ordinary Shares and the New Convertible Preference Shares to be allotted and issued for settlement of such consideration under the European Acquisition Agreement have been amended as follows:

(i) *Purchase of 80.00% of the issued share capital of Target Co Europe from CIMC HK*

	Original Terms	**Amended Terms**
Total consideration	Approximately HK$2,224,132,765	HK$1,246,861,020
Number of New Ordinary Shares	71,826,114	93,436,768
Issue price per New Ordinary Share	HK$4.49	HK$3.00
Number of New Convertible Preference Shares	423,526,395	322,183,572
Issue price per New Convertible Preference Share	HK$4.49	HK$3.00

(ii) *Purchase of 20.00% of the issued share capital of Target Co Europe from PGM*

	Original Terms	**Amended Terms**
Total consideration	Approximately HK$556,033,190	HK$311,715,255
Number of New Ordinary Shares	123,838,127	103,905,085
Issue price per New Ordinary Share	HK$4.49	HK$3.00

Pursuant to the China Supplemental Agreement and the European Supplemental Agreement, completion of the sale and purchase of the entire issued share capital of Target Co China and Target Co Europe is subject to the satisfaction of an additional condition precedent that RMB130,000,000 (equivalent to approximately HK$148,656,375), out of the aggregate amount of approximately RMB150,235,652 (equivalent to approximately HK$171,796,057) due from the Target Group China to CIMC Vehicle Group as of 31 December 2008, having been waived in full by CIMC Vehicle Group or its assigns, if any.

Overall, no amendments have been made to the China Acquisition Agreement and the European Acquisition Agreement under the China Supplemental Agreement and the European Supplemental Agreement, other than: (a) the amendments relating to the consideration, the numbers and the issue prices of the New Ordinary Shares and the New Convertible Preference Shares and the additional condition precedent regarding the waiver of the RMB130,000,000 (equivalent to approximately HK$148,656,375) due from the Target Group China as disclosed above; (b) those relating to the allocation of the total transaction cost and disbursements among CIMC HK, CIMC Vehicle and PGM in respect of the Proposed Transactions; and (c) those which are clerical or stylistic in nature.

The Company will seek the grant of a specific mandate from the Independent Shareholders to allot and issue new Shares to satisfy the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares.

The transactions contemplated under the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement) constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement) together also constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Such transactions are therefore subject to the approval of the Independent Shareholders (by way of poll) under the Listing Rules. CIMC and its Associates will abstain from voting on the resolutions for approving the Acquisition Agreements.

In addition, the Proposed Transactions constitute a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules. Accordingly, under Rule 14.54 of the Listing Rules, the Company is treated as if it were a new listing applicant. Such transactions are therefore also subject to the approval by the Listing Committee of the Stock Exchange of a new listing application to be made by the Company. Deutsche Bank and China Merchants have been appointed as the joint sponsors in respect of the new listing application of the Company. As previously announced, the new listing application was submitted to the Stock Exchange on 2 October 2008 and was accepted by the Stock Exchange on 8 October 2008. According to Rule 9.03(1) of the Listing Rules, the new listing application lapsed on 8 April 2009 for having been outstanding for more than six months. On 20 April 2009, an application was filed with the Stock Exchange to renew the new listing application. The Listing Committee of the Stock Exchange has given its approval in principle of the new listing application of the Company.

As at the Latest Practicable Date, the CIMC Concert Party Group beneficially owned approximately 41.60% of the existing issued share capital of the Company. Immediately following the allotment and issue of the New Ordinary Shares to CIMC HK (a direct wholly-owned subsidiary of CIMC), CIMC Vehicle (an indirect subsidiary of CIMC) and PGM, the shareholding of the CIMC Concert Party Group will increase to approximately 68.73% of the enlarged issued share capital of the Company (excluding the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares). Under Rule 26.1

of the Takeovers Code, the CIMC Concert Party Group would be required to make an unconditional mandatory general offer for all the issued Ordinary Shares not already owned or agreed to be acquired by them, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

As previously announced, a supplemental application was made to the Executive on 21 April 2009 to seek the grant of the Whitewash Waiver, and the Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Independent Shareholders of the Whitewash Waiver by way of poll. The CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC will abstain from voting on the resolution for approving the Whitewash Waiver.

It was announced on 3 June 2009 that the Company has entered into, and will enter into, certain non-exempt continuing connected transactions under Chapter 14A of the Listing Rules with the CIMC Group and Burg Industries which are subject to the approval of the Independent Shareholders. CIMC and its Associates will abstain from voting on the resolution for approving such non-exempt continuing connected transactions.

The Directors have proposed that: (1) the English name of the Company be changed to "CIMC Enric Holdings Limited" and the Chinese name of the Company be changed to "中集安瑞科控股有限公司"; (2) the authorised share capital of the Company be increased to HK$120,000,000, comprising 10,000,000,000 Ordinary Shares of HK$0.01 each and 2,000,000,000 New Convertible Preference Shares of HK$0.01 each; and (3) the Memorandum and Articles be amended to, among other things, incorporate the terms of the New Convertible Preference Shares and to reflect the change of name of the Company and the increase in the authorised share capital of the Company.

The purpose of this circular is to provide the Shareholders with further information about (1) the Proposed Transactions, (2) the proposed grant of the specific mandate to issue Shares, (3) the Whitewash Waiver, (4) the non-exempt continuing connected transactions, (5) the proposed change of name of the Company, (6) the proposed increase in the authorised share capital of the Company, and (7) the proposed amendments to the Memorandum and Articles, and to give notice to the Shareholders of the EGM. This circular also provides additional information on the Target Group as required under the Listing Rules in connection with the new listing application.

THE ACQUISITION AGREEMENTS

(1) **The China Acquisition Agreement (as amended)**

Date

The China Acquisition Agreement dated 2 September 2008, as amended by the China Supplemental Agreement dated 20 April 2009

Parties

(i) the Company, as purchaser; and

(ii) CIMC HK and CIMC Vehicle, as vendors.

Subject matter

The China Acquisition Agreement (as amended by the China Supplemental Agreement) sets out the terms and conditions upon which the Company has conditionally agreed to purchase from CIMC HK and CIMC Vehicle, and CIMC HK and CIMC Vehicle have conditionally agreed to sell to the Company, 80.04% and 19.96%, respectively, of the issued share capital of Target Co China, at a consideration of HK$2,148,036,915 and HK$535,667,376, respectively, to be settled in full by:

(i) the allotment and issue of 160,968,722 New Ordinary Shares at an issue price of HK$3.00 per New Ordinary Share and 555,043,583 New Convertible Preference Shares at an issue price of HK$3.00 per New Convertible Preference Share to CIMC HK; and

(ii) the allotment and issue of 40,141,626 New Ordinary Shares at an issue price of HK$3.00 per New Ordinary Share and 138,414,166 New Convertible Preference Shares at an issue price of HK$3.00 per New Convertible Preference Share to CIMC Vehicle.

The consideration for the sale and purchase of the entire issued share capital of Target Co China has been arrived at after arms' length negotiations between the parties, having taken into account prevailing market conditions and economic environment.

(2) **The European Acquisition Agreement (as amended)**

Date

The European Acquisition Agreement dated 2 September 2008, as amended by the European Supplemental Agreement dated 20 April 2009

Parties

(i) the Company, as purchaser; and

(ii) CIMC HK and PGM, as vendors.

Subject matter

The European Acquisition Agreement (as amended by the European Supplemental Agreement) sets out the terms and conditions upon which the Company has conditionally agreed to purchase from CIMC HK and PGM, and CIMC HK and PGM have conditionally agreed to sell to the Company, 80% and 20%, respectively, of the issued share capital of Target Co Europe, at a consideration of HK$1,246,861,020 and HK$311,715,255, respectively, to be settled in full by:

(i) the allotment and issue of 93,436,768 New Ordinary Shares at an issue price of HK$3.00 per New Ordinary Share and 322,183,572 New Convertible Preference Shares at an issue price of HK$3.00 per New Convertible Preference Share to CIMC HK; and

(ii) the allotment and issue of 103,905,085 New Ordinary Shares at an issue price of HK$3.00 per New Ordinary Share to PGM.

The consideration for the sale and purchase of the entire issued share capital of Target Co Europe has been arrived at after arms' length negotiations between the parties, having taken into account prevailing market conditions and economic environment.

(3) **Conditions (as amended)**

Completion of the sale and purchase of the entire issued share capital of Target Co China and Target Co Europe is inter-conditional, and is each conditional upon the fulfilment (or, in respect of the Conditions set out in (vii) to (x) and (xiv) below only, waiver by the Company) of the Conditions set out below, on or before the Long Stop Date:

(i) the approval by the Independent Shareholders in general meeting by way of poll of (a) the terms of the Acquisition Agreements; (b) the proposed grant of the specific mandate to allot and issue Shares to satisfy the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares; (c) the Whitewash Waiver; and (d) the non-exempt continuing connected transactions (including the related proposed annual caps) having been obtained in accordance with the requirements of the Listing Rules;

(ii) the approval of the Proposed Transactions having been obtained from the shareholders of CIMC in accordance with the applicable laws and the requirements of the Shenzhen Stock Exchange or other supervisory or regulatory body to which CIMC is subject;

(iii) all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications which are required and appropriate for the execution and performance of the Acquisition Agreements and the Whitewash Waiver having been obtained or made from or to relevant third parties and/or governmental or regulatory authorities or bodies (including relevant authorities in China), and not having been revoked prior to completion of the Proposed Transactions;

(iv) the approval in principle of the Listing Committee of the Stock Exchange of the new listing application by the Company having been obtained;

(v) the Listing Committee of the Stock Exchange agreeing to grant (subject to allotment) the listing of, and permission to deal in, the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares (and such permission and listing not subsequently being revoked prior to the delivery of the definitive share certificates representing the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares);

(vi) the Reorganisation having been duly completed in accordance with applicable laws and regulations, to the satisfaction of the Company;

(vii) no material adverse change or prospective material adverse change in the business, operations, financial condition or prospects of any members of the Target Group China and the Target Group Europe having occurred since the date of signing of the China Acquisition Agreement and the European Acquisition Agreement, respectively;

(viii) the warranties given by CIMC HK and CIMC Vehicle in the China Acquisition Agreement being true and accurate in all material respects when made, and being true and accurate in all material respects on and as at the date of completion of the sale and purchase of the entire issued share capital of Target Co China, and the warranties given by CIMC HK and PGM in the European Acquisition Agreement being true and accurate in all material respects when made, and being true and accurate in all material respects on and as at the date of completion of the sale and purchase of the entire issued share capital of Target Co Europe;

(ix) each of CIMC HK and CIMC Vehicle having performed and complied with all agreements, obligations and conditions contained in the China Acquisition Agreement that are required to be performed or complied with by it on or before completion of the transactions contemplated thereunder; and each of CIMC HK and PGM having performed and complied with all agreements, obligations and conditions contained in the European Acquisition Agreement that are required to be performed or complied with by it on or before completion of the transactions contemplated thereunder;

(x) the Company being satisfied with the result of the due diligence investigation conducted by it on the Target Group;

(xi) RMB130,000,000 (equivalent to approximately HK$148,656,375, out of the aggregate amount of approximately RMB150,235,652 (equivalent to approximately HK$171,796,057) due from the Target Group China to CIMC Vehicle Group as of 31 December 2008, having been waived in full by CIMC Vehicle Group or its assigns, if any;

(xii) in the case of the sale and purchase of the entire issued share capital of Target Co Europe only, compliance with the European Union non-competition laws, if and to the extent applicable;

(xiii) in the case of the sale and purchase of the entire issued share capital of Target Co Europe only, the credit facility obtained by CIMC Burg and its subsidiaries under the combined credit facility agreement dated 26 June 2007 having been restructured to the satisfaction of the Company (details of such credit facility are set out in Note 20 to the accountant's report on the Holvrieka Group set out in Appendix II to this circular); and

(xiv) each of CIMC HK, CIMC Vehicle and PGM having delivered to the Company a certificate signed by one of its directors certifying that the Conditions set out in (vi) to (ix) and (xiii) above have been fulfilled together with documentary evidence of such fulfilment to the satisfaction of the Company.

The Conditions are required to be fulfilled (or, as set out below, waived) on or before the Long Stop Date. If any of the Conditions has not been satisfied or waived by the Company (in respect of the Conditions set out in (vii) to (x) and (xiv) above only, since other Conditions are non-waivable) on or before the Long Stop Date, the Company will be entitled to treat the Acquisition Agreements as terminated, provided that the rights and liabilities of the contracting parties to the China Acquisition Agreement or the European Acquisition Agreement which have accrued prior to termination will subsist.

As at the Latest Practicable Date, the Conditions set out in (iv) and (v) had been satisfied.

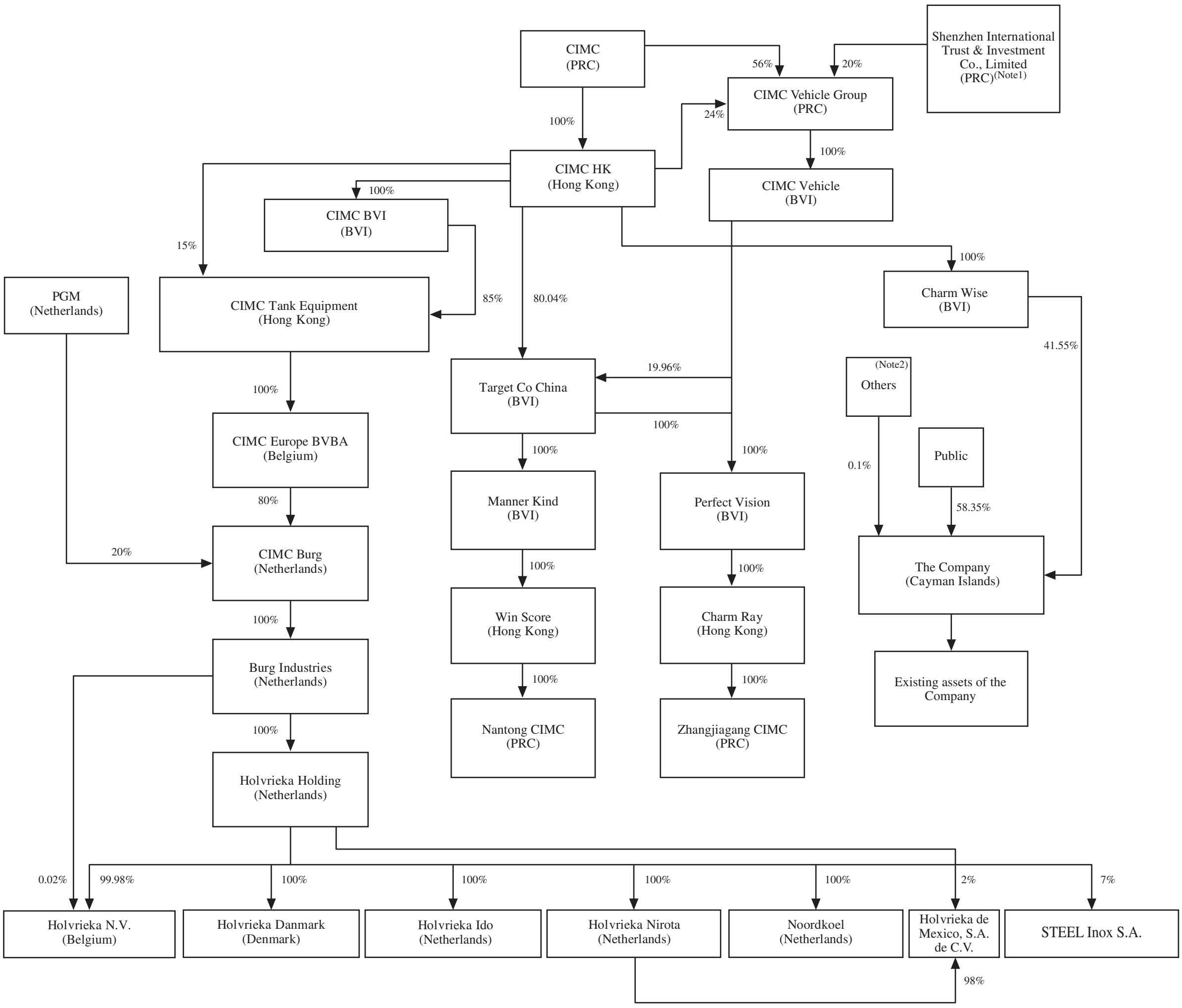
All pledges and mortgages under the credit facility obtained by CIMC Burg and its subsidiaries as mentioned in the Condition set out in (xiii) above will be released before completion of the Proposed Transactions.

(4) **Reorganisation**

Currently the business of the Nantong Group, the business of the Zhangjiagang Group and the business of the Holvrieka Group are carried on by the Target Group. The main purpose of the Reorganisation is to consolidate the business of the Nantong Group and the business of the Zhangjiagang Group into Target Co China and the business of the Holvrieka Group into Target Co Europe, so as to reorganise the group structure of the Target Group into a more rationalised manner. Further details of the Reorganisation are set out in the sub-section headed "The Reorganisation" in the section headed "History and Background of the Target Group" of this circular.

The shareholding structures before and after completion of the Proposed Transactions are illustrated below:

Chart 1: Shareholding structure as at the date of the Supplemental Announcement

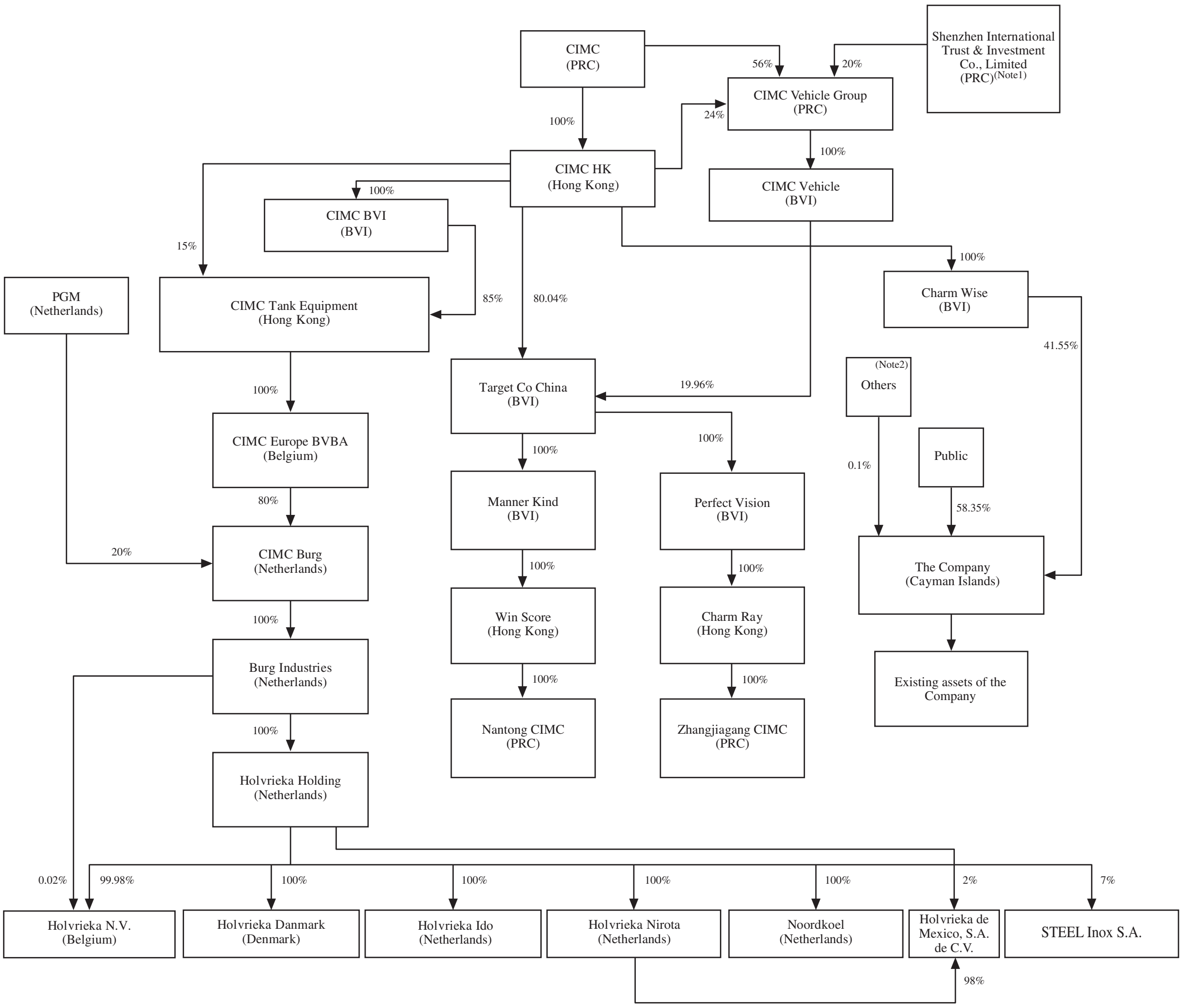


Notes:

(1) Pursuant to a stock credit plan adopted by CIMC Vehicle Group, 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) has been appointed as trustee to acquire and to hold on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, a 20% equity interest in CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units divided into three batches, of which the first batch of 45,000,000 units have been allocated. The remaining second and third batches in a total number of 175,500,000 units will be allocated after the performance appraisals for the year ended 2007 and 2008, neither of which has as yet taken place. Further allocations will be announced by CIMC in compliance with the relevant requirements of the Shenzhen Stock Exchange in due course. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units. Except as disclosed above, based on the information provided by CIMC to the Company, the participants in the plan are Independent Third Parties.

(2) As at the Latest Practicable Date, Mr. Zhao Qingsheng, an executive Director and the Chairman of the Company, and Mr. Jin Yongsheng, an executive Director and the Chief Executive Officer of the Company, beneficially owned 214,000 Shares and 246,000 Shares, respectively.

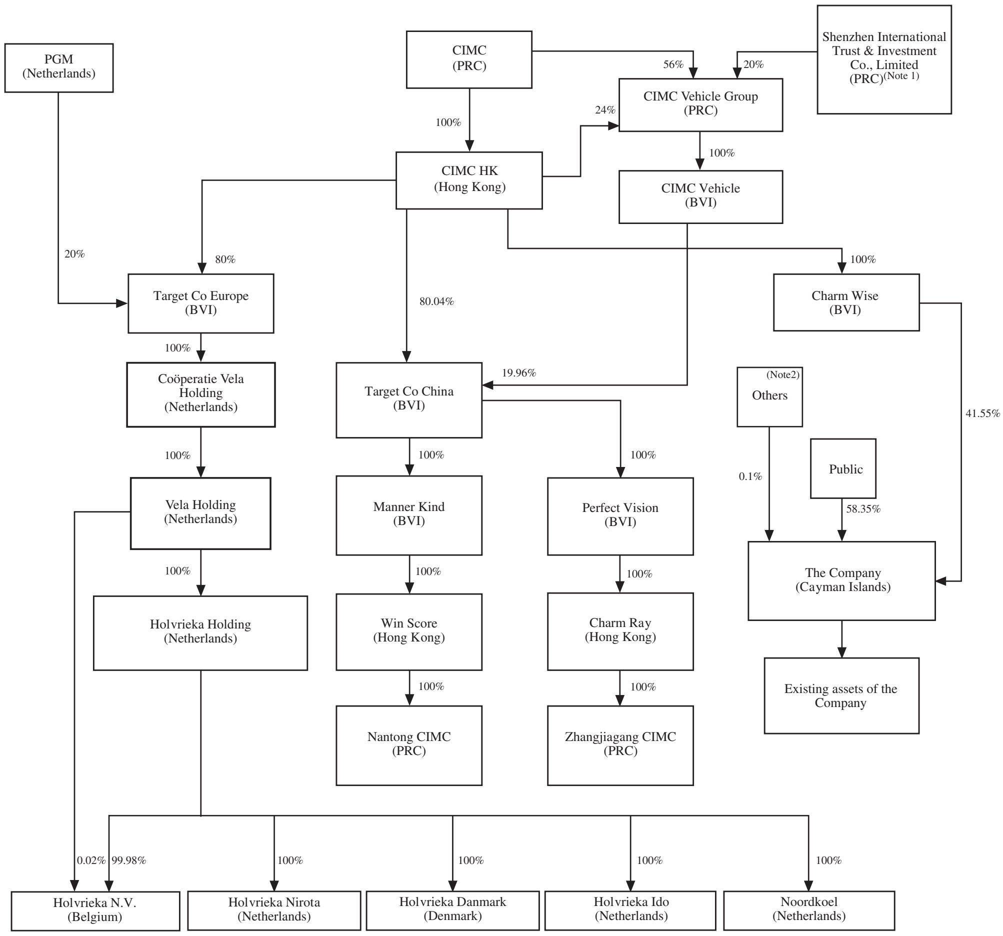
Chart 2: Shareholding structure as at the Latest Practicable Date



Notes:

(1) & (2) Please refer to the notes to Chart 1.

Chart 3: Shareholding structure immediately after completion of the Reorganisation and before completion of the Proposed Transactions



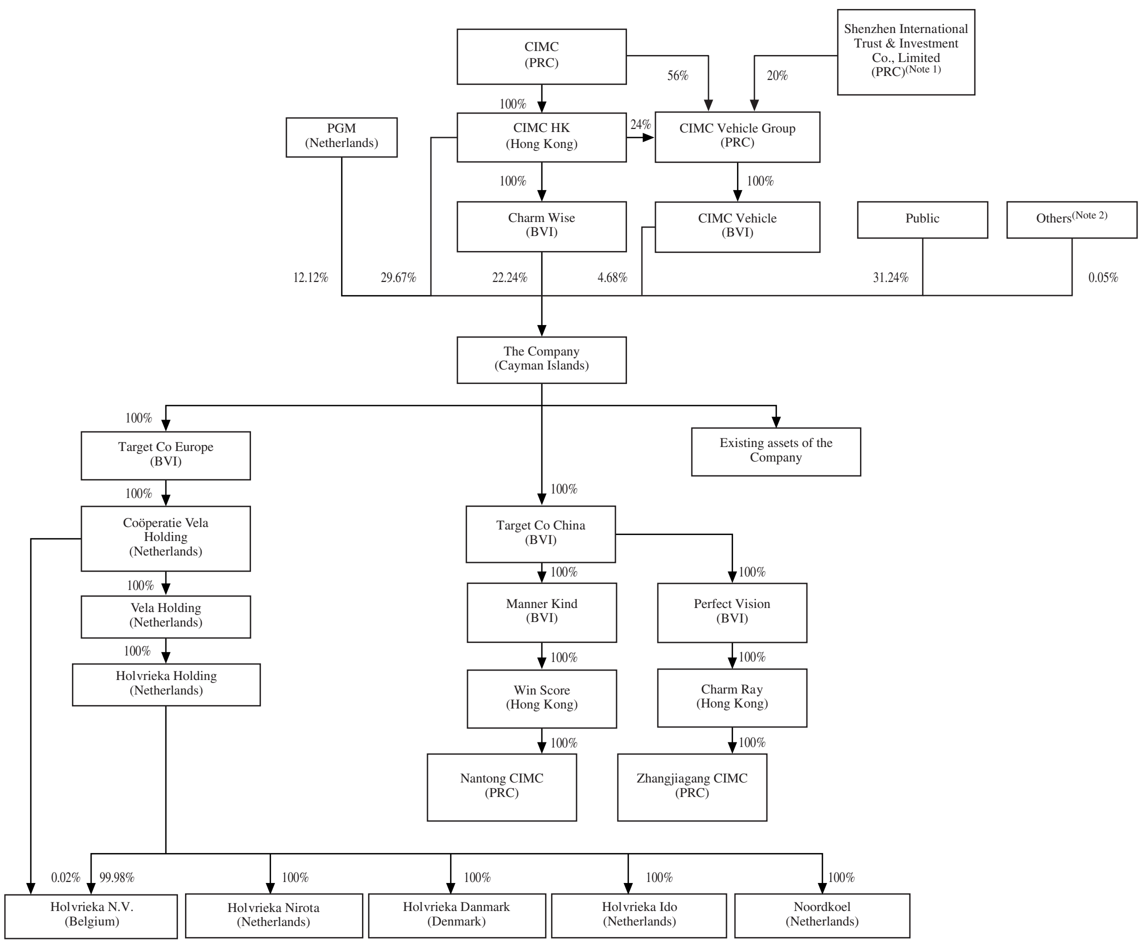
Notes:

(1) & (2) Please refer to the notes to Chart 1.

(5) **Completion**

Completion of the Proposed Transactions is expected to take place on the fifth business day after all the Conditions including those set out in (i) to (xiv) above have either been fulfilled or (as the case may be) waived by the Company. Following completion of the Proposed Transactions, CIMC will remain as the controlling shareholder of the Company under the Listing Rules, and Target Co China and Target Co Europe will become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial statements of the Group. The shareholding structure immediately after completion of the Proposed Transactions is illustrated below:

Chart 4: Shareholding structure immediately after completion of the Proposed Transactions (assuming none of the New Convertible Preference Shares has been converted)



Notes:

(1) & (2) Please refer to the notes to Chart 1.

INFORMATION ON THE NEW ORDINARY SHARES AND THE NEW CONVERTIBLE PREFERENCE SHARES

(1) The New Ordinary Shares

The New Ordinary Shares will be issued as fully paid and will rank pari passu in all respects with the Ordinary Shares in issue as at the date of completion of the Proposed Transactions. An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Ordinary Shares.

The amended issue price of HK$3.00 per New Ordinary Share represents:

(i) a premium of approximately 10.7% over HK$2.71, the closing price of the Ordinary Shares on the Stock Exchange on 17 April 2009, being the last trading day immediately prior to the suspension of trading in the Ordinary Shares pending the release of the Supplemental Announcement;

(ii) a premium of approximately 9.9% over approximately HK$2.73, the average closing price of the Ordinary Shares on the Stock Exchange for the last 10 full trading days up to and including 17 April 2009;

(iii) a premium of approximately 31.6% over approximately HK$2.28, the average closing price of the Ordinary Shares on the Stock Exchange for the last 30 full trading days up to and including 17 April 2009; and

(iv) a discount of approximately 21.5% to HK$3.82, the closing price of the Ordinary Shares on the Stock Exchange on the Latest Practicable Date.

The total market value of the New Ordinary Shares was approximately HK$1.52 billion by reference to the price per Ordinary Share quoted on the Stock Exchange of HK$3.82 per Ordinary Share on the Latest Practicable Date.

(2) **The New Convertible Preference Shares**

The major terms of the New Convertible Preference Shares are as follows:

Number of Ordinary Shares to be issued upon full conversion of the New Convertible Preference Shares:	An aggregate of 1,015,641,321 underlying Ordinary Shares, representing approximately 221.27% of the existing issued share capital of the Company and approximately 54.22% of the issued share capital of the Company enlarged by the allotment and issue of the New Ordinary Shares and such underlying Ordinary Shares.
Conversion ratio:	Each New Convertible Preference Share will carry the right to convert into one Ordinary Share, subject to the adjustment set out below under the paragraph headed "Adjustment" in this sub-section headed "Information on the New Ordinary Shares and the New Convertible Preference Shares".
Conversion rights:	Holders of the New Convertible Preference Shares will have the right to convert all or such number of New Convertible Preference Shares in multiples of 1,000,000 into Ordinary Shares at any time. Holders of the New Convertible Preference Shares may not exercise the conversion rights as to such number of New Convertible Preference Shares if upon conversion, the percentage of the Ordinary Shares held by the public will fall below the minimum public float requirement under Rule 8.08 of the Listing Rules. As the conversion of the New Convertible Preference Shares may result in the Company failing to meet the minimum public float requirement as prescribed under Rule 8.08 of the Listing Rules, CIMC HK and CIMC Vehicle have undertaken to the Company that they will only exercise the conversion rights as to such number of New Convertible Preference Shares if, upon conversion, the percentage of the Ordinary Shares held by the public will still meet the minimum public float requirement under Rule 8.08 of the Listing Rules.
Redemption:	Holders of the New Convertible Preference Shares will not be entitled to request the Company to redeem any New Convertible Preference Share.
Dividend entitlement:	Holders of the New Convertible Preference Shares will be entitled to participate pari passu in any dividends payable to the holders of the Ordinary Shares on a pro rata as-if-converted basis.

Voting rights:	Holders of the New Convertible Preference Shares will be entitled to receive notices of and to attend shareholders' meetings of the Company, but will not be entitled to vote at such shareholders' meetings by reason only of being holders of the New Convertible Preference Shares, except where resolutions for winding up of the Company or for alteration of the rights attaching to the New Convertible Preference Shares are proposed, then holders of the New Convertible Preference Shares will have the same voting rights as those attaching to the Ordinary Shares such that one New Convertible Preference Share shall confer one vote in person or by proxy.
Transferability:	The New Convertible Preference Shares will be freely transferable.
Ranking:	The New Convertible Preference Shares will rank in priority to the Ordinary Shares as to a return of capital on a winding up or otherwise. The underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares will be issued as fully paid and will rank pari passu in all respects with the Ordinary Shares in issue as at the date of conversion.
Adjustment:	If the Company consolidates, sub-divides or reorganises its share capital, declares any distribution or makes any issue by way of capitalisation or rights to holders of its Ordinary Shares during or by reference to any period relevant for calculating any numbers of Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares, such numbers will be adjusted in accordance with usual adjustment mechanism.
Listing:	No listing will be sought for the New Convertible Preference Shares on the Stock Exchange or any other stock exchange. However, an application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares.

The Company will, subject to approval by the Shareholders, amend the Memorandum and Articles for the purpose of creating and issuing the New Convertible Preference Shares. The issue of the New Convertible Preference Shares and the amendments to the Memorandum and Articles will be in compliance with the relevant laws of the Cayman Islands. The Memorandum and Articles as amended will also be in compliance with the requirements under Appendix 3 and Appendix 13B to the Listing Rules.

The amended issue price of HK$3.00 per New Convertible Preference Shares represents:

(i) a premium of approximately 10.7% over HK$2.71, the closing price of the Ordinary Shares on the Stock Exchange on 17 April 2009, being the last trading day immediately prior to the suspension of trading in the Ordinary Shares pending the release of the Supplemental Announcement;

(ii) a premium of approximately 9.9% over approximately HK$2.73, the average closing price of the Ordinary Shares on the Stock Exchange for the last 10 full trading days up to and including 17 April 2009;

(iii) a premium of approximately 31.6% over approximately HK$2.28, the average closing price of the Ordinary Shares on the Stock Exchange for the last 30 full trading days up to and including 17 April 2009 and

(iv) a discount of approximately 21.5% to HK$3.82, the closing price of the Ordinary Shares on the Stock Exchange on the Latest Practicable Date.

The total market value of the New Convertible Preference Shares was approximately HK$3.88 billion by reference to the price per Ordinary Share quoted on the Stock Exchange of HK$3.82 per Ordinary Share on the Latest Practicable Date.

The Company undertakes to notify the Stock Exchange upon becoming aware of any dealing in any of the New Convertible Preference Shares by any connected person of the Company as defined under the Listing Rules.

Upon conversion of the New Convertible Preference Shares, all applicable provisions of the Takeovers Code will be complied with.

(3) **Effect of the issue of the New Ordinary Shares and the New Convertible Preference Shares on the shareholding structure of the Company**

Details of the shareholding structure of the Company under different scenarios before and after completion of the Proposed Transactions are set out below:

	As at the date of the Supplemental Announcement		As at the Latest Practicable Date		Immediately after completion of the Proposed Transactions but before conversion of any of the New Convertible Preference Shares		Immediately after completion of the Proposed Transactions and conversion of the New Convertible Preference Shares with a minimum public float of 25% *(Note 6)*		Immediately after full conversion of the New Convertible Preference Shares (This scenario will never happen and this column is set out for illustration purpose only) *(Note 7)*	
	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares
Charm Wise *(Note 1)*	190,703,000	41.55%	190,703,000	41.55%	190,703,000	22.24%	190,703,000	17.80%	190,703,000	10.18%
CIMC HK *(Note 2)*	—	0.00%	—	0.00%	254,405,490	29.67%	468,301,289	43.71%	1,131,632,645	60.42%
CIMC Vehicle *(Note 3)*	—	0.00%	—	0.00%	40,141,626	4.68%	40,141,626	3.75%	178,555,792	9.53%
PGM	—	0.00%	—	0.00%	103,905,085	12.12%	103,905,085	9.70%	103,905,085	5.55%
Mr. Zhao Qingsheng *(Note 4)*	214,000	0.05%	214,000	0.05%	214,000	0.02%	214,000	0.02%	214,000	0.01%
CIMC Concert Party Group	190,917,000	41.60%	190,917,000	41.60%	589,369,201	68.73%	803,265,000	74.98%	1,605,010,522	85.69%
Mr. Jin Yongsheng *(Note 5)*	246,000	0.05%	246,000	0.05%	246,000	0.03%	246,000	0.02%	246,000	0.01%
Public	267,837,000	58.35%	267,837,000	58.35%	267,837,000	31.24%	267,837,000	25.00%	267,837,000	14.30%
Total	459,000,000	100%	459,000,000	100%	857,452,201	100%	1,071,348,000	100%	1,873,093,522	100%

Notes:

1 Charm Wise is a direct wholly-owned subsidiary of CIMC HK, which, in turn, is a direct wholly-owned subsidiary of CIMC.

2 CIMC HK is a direct wholly-owned subsidiary of CIMC.

3 CIMC Vehicle is a direct wholly-owned subsidiary of CIMC Vehicle Group, the equity interest of which, in turn, is owned as to 56% by CIMC and as to 24% by CIMC HK. The remaining 20% equity interest in CIMC Vehicle Group is held by 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units divided into three batches, of which the first batch of 45,000,000 units have been allocated. The remaining second and third batches in a total number of 175,500,000 units will be allocated after the performance appraisals for the year ended 2007 and 2008, neither of which has as yet taken place. Further allocations will be announced by CIMC in compliance with the relevant requirements of the Shenzhen Stock Exchange in due course. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units. Except as disclosed above, based on the information provided by CIMC to the Company, the participants in the plan are Independent Third Parties.

4 An executive Director and the Chairman of the Company.

5 An executive Director and the Chief Executive Officer of the Company.

6 To maintain the minimum public float requirement provided in Rule 8.08 of the Listing Rules, it is assumed that only CIMC HK converts 213,895,799 New Convertible Preference Shares into the same number of Ordinary Shares.

7 As the conversion of the New Convertible Preference Shares may result in the Company failing to meet the minimum public float requirement as prescribed under Rule 8.08 of the Listing Rules, CIMC HK and CIMC Vehicle have undertaken to the Company that they will only exercise the conversion rights as to such number of New Convertible Preference Shares if, upon conversion, the percentage of the Ordinary Shares held by the public will still meet the minimum public float requirement under Rule 8.08 of the Listing Rules.

INFORMATION ABOUT CIMC, CIMC HK, CIMC VEHICLE AND PGM

CIMC

CIMC is a joint stock limited company established under the laws of the PRC on 30 September 1992, the shares of which are listed on the Shenzhen Stock Exchange.

CIMC is currently a leading tank containers manufacturer in China.

CIMC HK

CIMC HK is a company incorporated under the laws of Hong Kong with limited liability, which is a directly wholly-owned subsidiary of CIMC.

The principal business activity of CIMC HK is investment holding.

CIMC VEHICLE

CIMC Vehicle is a company incorporated under the laws of the BVI with limited liability, which is a direct wholly-owned subsidiary of CIMC Vehicle Group, the equity interest of which, in turn, is owned as to 56% by CIMC and as to 24% by CIMC HK. The remaining 20% equity interest in CIMC Vehicle Group is held by 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units divided into three batches, of which the first batch of 45,000,000 units have been allocated. The remaining second and third batches in a total number of 175,500,000 units will be allocated after the performance appraisals for the year ended 2007 and 2008, neither of which has as yet taken place. Further allocations will be announced by CIMC in compliance with the relevant requirements of the Shenzhen Stock Exchange in due course. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units. Except as disclosed above, based on the information provided by CIMC to the Company, the participants in the plan are Independent Third Parties.

The principal business activity of CIMC Vehicle is investment holding.

PGM

PGM is a company (*besloten vennootschap*) established under the laws of the Netherlands with limited liability, which is beneficially owned as to 99.50% by Mr. Peter van der Burg and as to 0.50% by Ms. Jolanda van der Burg-Moritz.

The principal business activity of PGM is investment holding.

INFORMATION ABOUT THE TARGET GROUP

The Target Group, comprising the Target Group China and the Target Group Europe, is a well established international manufacturer of transportation, storage and processing equipment and related service provider. It is engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries. It is also a global leader in the manufacturing and sales of tank containers as illustrated by the respective recognitions received by the Target Group China and the Target Group Europe. The Target Group China comprises the Nantong Group and the Zhangjiagang Group. The Nantong Group is the largest manufacturer of tank containers in the world in terms of production volume in 2007 according to the information published in the WorldCargo News, a well-known logistics industrial magazine. The Zhangjiagang Group is a leading provider of cryogenic equipment in China according to the qualitative information of The Sub-Committee on Transportable Pressure Vessels of CSCBPV. The Target Group Europe, comprised of the Holvrieka Group, is a leading provider of liquid food tanks in the world according to the information published by Industrial Insights, a well-known magazine for industrial contractors, and American Brewer, a well-known magazine in the brewery industry. The production bases of the Target Group are located in Nantong and Zhangjiagang in Jiangsu Province of China, and in Emmen and Sneek in the Netherlands, Randers in Denmark, and Menen in Belgium.

The original cost at which CIMC acquired its interest in the entire registered capital of Nantong CIMC was approximately US$27 million (equivalent to approximately HK$211 million) in aggregate.

The original cost at which CIMC acquired its interest in the entire registered capital of Zhanjiagang CIMC was approximately RMB169 million (equivalent to approximately HK$193 million) in aggregate.

In 2007, CIMC, through CIMC Burg, acquired the entire issued share capital of Burg Industries (which, prior to completion of the Reorganisation, in turn beneficially owned, among other things, the entire issued share capital of Holvrieka Holding), at a purchase cost of EURO 108 million (equivalent to approximately HK$1,095 million).

According to the audited accounts of the Target Group China prepared under the Hong Kong Financial Reporting Standards for the two years ended 31 December 2007 and 2008 (as set out in Appendix I to this circular), the audited consolidated net profit of the Target Group China before taxation and extraordinary items were approximately RMB361.3 million and RMB390.1 million, respectively (equivalent to approximately HK$413.2 million and HK$446.1 million, respectively), and the audited consolidated net profit of the Target Group China after taxation and extraordinary items were approximately RMB327.2 million and RMB337.7 million, respectively (equivalent to approximately HK$374.2 million and HK$386.2 million, respectively).

According to the audited accounts of the Holvrieka Group prepared under Hong Kong Financial Reporting Standards, for the two years ended 31 December 2007 and 2008 as set out in Appendix II to this circular, the audited consolidated net profit of the Holvrieka Group before taxation and extraordinary items were approximately EURO 10.8 million and EURO 13.0 million, respectively (equivalent to approximately HK$109.5 million and HK$131.9 million, respectively), and the audited consolidated net profit of the Holvrieka Group after taxation and extraordinary items were approximately EURO 7.9 million and EURO 9.6 million, respectively (equivalent to approximately HK$80.1 million and HK$97.4 million, respectively).

According to the audited accounts of the Target Group China prepared under Hong Kong Financial Reporting Standards, the audited consolidated net asset value of the Target Group China as at 31 December 2008 was approximately RMB988.0 million (equivalent to approximately HK$1,129.8 million). According to the audited accounts of the Holvrieka Group prepared under Hong Kong Financial Reporting Standards, the audited consolidated net asset value of the Holvrieka Group as at 31 December 2008 was approximately EURO 29.9 million (equivalent to approximately HK$303.3 million).

Further information on the Target Group and its business is set out in the sections headed "History and Background of the Target Group" and "Business of the Target Group" of this circular. Please refer to the section headed "Financial Information of the Target Group" of this circular for financial information of the Target Group. Please also refer to the section headed "Relationship with the Controlling Shareholder" of this circular for information relating to the relationship between the CIMC Group and the Target Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF TARGET CO CHINA AND TARGET CO EUROPE

The existing principal business activities of the Group are the manufacturing of energy equipment and the provision of integrated business solutions in the energy equipment market and the design, manufacturing and sales of specialised gas equipment. The principal business of the Target Group is the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is used in the energy, chemical and liquid food industries. It is the intention of the Group to expand its business into different industries, and to increase its participation level in, and strengthen its position as an integrated service provider to, the transportation, storage and processing equipment sectors. The Group is expected to benefit from the Proposed Transactions primarily in the following aspects:

(i) enlarging the operation of the Group and enhancing its overall business and financial strength, thereby better positioning the Group for future business development;

(ii) expanding its business segments and product offerings to serve new industries such as liquid food and chemical industries, in order to reduce its business fluctuations;

(iii) creating operational economies of scale, and generating synergies from sales and marketing, procurement, production, research and development and management, which will enhance competitive advantage of the Group; and

(iv) elevating its capabilities for future acquisitions and market consolidation, and strengthening its position as an integrated service provider in the transportation, storage and processing equipment sector.

The Directors believe that upon completion of the Proposed Transactions, the Restructured Group will be purchasing a larger amount of raw materials collectively and will centralise the procurement of raw materials. Over time, it may also benefit from cross-selling opportunities through its expanded sales networks and target new market segments. In addition, the Restructured Group will aim to lower administrative cost by reorganising its management teams and back office functions.

FINANCIAL AND TRADING PROSPECTS OF THE RESTRUCTURED GROUP

The result of the recent global economic turmoil and the adverse impact on the business performance and profitability of the Target Group China and the Holvrieka Group in the first quarter of 2009 is set out in the sub-section headed "Information on the Target Group — Business of the Target Group" in the section headed "Summary", the sub-section headed "Risks relating to the Restructured Group" in the section headed "Risk Factors" and the sub-section headed "No Material Adverse Change" in the section headed "Financial Information of the Target Group" of this circular. In view of the strong historical financial results, the good quality of the assets and businesses, market position, customer base, production capacity, product quality and experienced management of the Target Group China and the Holvrieka Group, the Directors remain confident in the long-term prospect of the Target Group China and the Holvrieka Group.

Upon completion of the Proposed Transactions, the Restructured Group intends to develop and expand the business segments and product offerings strategically to serve new industries such as liquid food and chemical industries. The Restructured Group also plans to enhance the results of operations of the Target Group's business through continued technological improvements and to increase revenue from sales of its existing products through securing new customers and increasing sales to existing customers. The Directors believe that upon completion of the Proposed Transactions, the Restructured Group will continue to enhance its core competitiveness, to provide customers consistently with comprehensive and quality integrated services, to realise operational efficiency and the optimisation of the value of the Restructured Group and return to Shareholders.

FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS ON THE COMPANY

The financial impact of the Proposed Transactions (including its effect on the earnings, assets and liabilities) is illustrated by way of unaudited pro forma financial information of the Restructured Group set out in Appendix IV to this circular.

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2008, the profit attributable to equity shareholders of the Company amounted to approximately RMB134.4 million (equivalent to approximately HK$153.7 million). Assuming that the Company had acquired the Target Group on 1 January 2008, the Restructured Group would have unaudited pro forma profit attributable to equity shareholders for the year ended 31 December 2008 amounting to approximately RMB569.1 million (equivalent to approximately HK$650.8 million), representing an increase of approximately 323.4% from the amount set out in the audited consolidated financial statements of the Group for the year ended 31 December 2008.

The Group, the Target Group China and the Target Group Europe are all subsidiaries controlled by CIMC before and after the Proposed Transactions. Accordingly, the Proposed Transactions are considered as business combination under common control, and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants should be applied in the first annual/interim report of the Company after completion of the Proposed Transactions.

FUTURE INTENTIONS REGARDING THE RESTRUCTURED GROUP

It is the intention of the CIMC Concert Party Group that the Restructured Group will maintain its existing businesses. None of the members of the CIMC Concert Party Group intend to introduce any major change to the existing operating and management structure of the Restructured Group, to redeploy any of the fixed assets of the Restructured Group, or to discontinue the employment of any of the existing employees of the Restructured Group, following completion of the Proposed Transactions. Accordingly, the Directors believe that there will be no material change to the existing business and employment of the existing employees of the Restructured Group as a result of completion of the Proposed Transactions.

The CIMC Concert Party Group also intends to maintain the listing status of the Ordinary Shares on the Stock Exchange after completion of the Proposed Transactions.

LISTING RULES IMPLICATIONS

(1) Connected transaction and very substantial acquisition

The transactions contemplated under the China Acquisition Agreement (as amended by the China Supplemental Agreement) constitute a connected transaction for the Company under Chapter 14A of the Listing Rules, on the basis that: (i) CIMC HK is the holding company of Charm Wise (which is a substantial shareholder of the Company under the Listing Rules) and hence a connected person of the Company; and (ii) CIMC Vehicle is a direct wholly-owned subsidiary of CIMC Vehicle Group, the equity interest of which, in turn, is owned as to 56% by CIMC and as to 24% by CIMC HK and hence also a connected person of the Company.

The transactions contemplated under the European Acquisition Agreement (as amended by the European Supplemental Agreement) also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules on the basis that CIMC HK is the holding company of Charm Wise (which is a substantial shareholder of the Company under the Listing Rules) and hence a connected person of the Company.

The transactions contemplated under the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement) together constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules, on the basis that the calculations of the assets, profits, revenue and consideration ratios are all over 100%.

The Proposed Transactions are therefore subject to the approval of the Independent Shareholders (by way of poll) under the Listing Rules. CIMC and its Associates will abstain from voting on the resolutions for approving the Acquisition Agreements.

(2) **Reverse takeover and new listing application**

In addition, the Proposed Transactions constitute a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules, on the basis that such transactions constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and at the same time involve an acquisition of assets from CIMC HK and CIMC Vehicle (both subsidiaries of CIMC) within 24 months of CIMC gaining control (as defined under the Takeovers Code) of the Company. Accordingly, under Rule 14.54 of the Listing Rules, the Company is treated as if it were a new listing applicant. The Proposed Transactions are therefore also subject to the approval by the Listing Committee of the Stock Exchange of a new listing application to be made by the Company. The new listing application is required to comply with all the requirements under the Listing Rules, in particular the requirements under Chapters 8 and 9 of the Listing Rules.

Deutsche Bank and China Merchants have been appointed as the joint sponsors in respect of the new listing application of the Company.

As previously announced, the new listing application was submitted to the Stock Exchange on 2 October 2008 and was accepted by the Stock Exchange on 8 October 2008. According to Rule 9.03(1) of the Listing Rules, the new listing application lapsed on 8 April 2009 for having been outstanding for more than six months. On 20 April 2009, an application was filed with the Stock Exchange to renew the new listing application. The Listing Committee of the Stock Exchange has given its approval in principle of the new listing application of the Company.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the CIMC Concert Party Group beneficially owned approximately 41.60% of the existing issued share capital of the Company. Immediately following the allotment and issue of the New Ordinary Shares to CIMC HK (a direct wholly-owned subsidiary of CIMC), CIMC Vehicle (an indirect subsidiary of CIMC) and PGM, the shareholding of the CIMC Concert Party Group will increase to approximately 68.73% of the enlarged issued share capital of the Company (excluding the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares). Under Rule 26.1 of the Takeovers Code, the CIMC Concert Party Group would be required to make an unconditional mandatory general offer for all the issued Ordinary Shares not already owned or agreed to be acquired by them, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

As previously announced, a supplemental application was made to the Executive on 21 April 2009 to seek the grant of the Whitewash Waiver, and the Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Independent Shareholders of the Whitewash Waiver by way of poll. The CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC will abstain from voting on the resolution for approving the Whitewash Waiver.

Since the CIMC Concert Party Group will beneficially own more than 50% of the issued share capital of the Company immediately after completion of the Proposed Transactions, it would be able to acquire further Ordinary Shares without triggering an obligation to make a mandatory general offer under the Takeovers Code.

As at the Latest Practicable Date, none of the members of the CIMC Concert Party Group:

(i) held any shares, convertible securities, warrants, options or derivatives in respect of securities in the Company, other than the 41.55% of the existing issued ordinary share capital of the Company held through Charm Wise and the 0.05% of the existing issued ordinary share capital of the Company held by Mr. Zhao Qingsheng, an executive Director and the Chairman of the Company, as at the Latest Practicable Date;

(ii) had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person; or

(iii) had borrowed or lent any shares, warrants, options, convertible securities or derivatives of the Company.

No person within the CIMC Concert Party Group had dealt for value in any shares or convertible securities, warrants, options or derivatives of the Company during the period between 11 March 2008, being six months prior to the date of the Announcement, and up to and including the Latest Practicable Date, except that Mr. Zhao Qingsheng, a Director who was presumed under the Takeovers Code to be acting in concert with the CIMC Concert Party Group, purchased certain Ordinary Shares on the market in October 2008. The quantity and amount involved were 104,000 Ordinary Shares (including 6,000 Ordinary Shares at the price of HK$1.50 per Ordinary Share; 62,000 Ordinary Shares at the price of HK$1.51 per Ordinary Share; 4,000 Ordinary Shares at the price of HK$1.53 per Ordinary Share and 32,000 Ordinary Shares at the price of HK$1.54 per Ordinary Share) on 13 October 2008, involving a total amount of approximately HK$158,000; and 110,000 Ordinary Shares (including 100,000 Ordinary Shares at the price of HK$1.80 per Ordinary Share and 10,000 Ordinary Shares at the price of HK$1.81 per Ordinary Share) on 21 October 2008, involving a total amount of approximately HK$198,000.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES

Under the China Acquisition Agreement (as amended by the China Supplemental Agreement), the Company will issue a total of 201,110,348 New Ordinary Shares and 693,457,749 New Convertible Preference Shares to CIMC HK and CIMC Vehicle as full settlement of the consideration of the purchase of the entire issued share capital of Target Co China. Under the European Acquisition Agreement (as amended by the European Supplemental Agreement), the Company will issue a total of 197,341,853 New Ordinary Shares and 322,183,572 New Convertible Preference Shares to CIMC HK and PGM as full settlement of the consideration of the purchase of the entire issued share capital of Target Co Europe. The Company will seek the grant of a specific mandate from the Independent Shareholders to allot and issue new Shares to satisfy the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares.

CONTINUING CONNECTED TRANSACTIONS

It was announced on 3 June 2009 that the Company has entered into, and will enter into, certain non-exempt continuing connected transactions under Chapter 14A of the Listing Rules with the CIMC Group and Burg Industries, which are subject to the approval of the Independent Shareholders and conditional upon completion of the Proposed Transactions. CIMC and its Associates will abstain from voting on the resolution for approving such non-exempt continuing connected transactions. Please refer to the section headed "Connected Transactions" of this circular for further information relating to the non-exempt continuing connected transactions.

PROPOSED CHANGE OF NAME

The Directors have proposed that the English name of the Company be changed to "CIMC Enric Holdings Limited" and the Chinese name of the Company be changed to "中集安瑞科控股有限公司".

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK$100,000,000, consisting of 10,000,000,000 Ordinary Shares of HK$0.01 each, of which 459,000,000 Ordinary Shares were in issue. The Directors have proposed to increase the authorised share capital of the Company to HK$120,000,000, comprising 10,000,000,000 Ordinary Shares of HK$0.01 each and 2,000,000,000 New Convertible Preference Shares of HK$0.01 each.

PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES

The Directors have proposed to amend the Memorandum and Articles: (1) to incorporate the terms of the New Convertible Preference Shares, which are summarised in the paragraph headed "The New Convertible Preference Shares" in the sub-section headed "Information on the New Ordinary Shares and the New Convertible Preference Shares" in this letter, (2) to reflect the change of name of the Company and the increase in the authorised share capital of the Company, and (3) to include provisions to ensure the Restructured Group will be capable of managing its business independently of CIMC after completion of the Proposed Transactions (please refer to the paragraph headed

"Independence of Board and Management" in the sub-section headed "Independent from Controlling Shareholder" in the section headed "Relationship with the Controlling Shareholder" of this circular for further details). The amendments to the Memorandum and Articles will be in compliance with the relevant laws of the Cayman Islands and the requirements under the Listing Rules. The Memorandum and Articles as amended will also be in compliance with the requirements under Appendix 3 and Appendix 13B to the Listing Rules.

Details of the proposed amendments to the Memorandum and Articles are set out below:

(1) to incorporate the terms of the New Convertible Preference Shares, it is proposed to amend the Articles in the following manner:

(i) Article 2(1)

By inserting the following definitions:

"**Ordinary Share(s)**"	an ordinary share of a par value of $0.01 per share in the capital of the Company (or, if there has been a sub-division, consolidation, reduction, re-classification or re-construction of the ordinary share capital of the Company, such ordinary shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, reduction, re-classification or re-construction) with such rights and restrictions as set out in these Articles
"**Convertible Preference Share(s)**"	2,000,000,000 non-redeemable convertible preference shares of a par value of $0.01 per share in the capital of the Company (or, if there has been a sub-division, consolidation, reduction, re-classification or re-construction of the non-redeemable convertible preference share capital of the Company, such non-redeemable convertible preference shares forming part of the non-redeemable convertible preference share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, reduction, re-classification or re-construction) with such rights and restrictions as set out in Article 9A
"**share(s)**"	any share in the capital of the Company (including the Ordinary Shares and Convertible Preference Shares)

(ii) Article 3

By deleting the sub-paragraph (1) in its entirety and replacing it therewith the following:

"Unless otherwise determined in accordance with these Articles, the share capital of the Company shall comprise Ordinary Shares and Convertible Preference Shares.";

(iii) New Article 9A

By inserting the terms of the New Convertible Preference Shares as a new Article 9A immediately after Article 9 as follows:

"9A. The Convertible Preference Shares shall have the following rights and restrictions and subject to the following conditions:

(1) **Definitions**

For the purpose of this Article 9A:

"**Business Day**"	means a day (not being a Saturday) on which banks are open for general banking business in the Hong Kong Special Administrative Region of the People's Republic of China;
"**Conversion Period**"	means, in relation to any Convertible Preference Share, the period commencing on the date of allotment and issue of such Convertible Preference Share and ending on the date the Company passes a voluntary winding up resolution or is otherwise placed into liquidation;
"**Conversion Right**"	means the right of Convertible Preference Shareholders to convert their Convertible Preference Shares into Ordinary Shares;
"**Convertible Preference Shareholder(s)**"	means a person registered from time to time in the register of Members as a holder of any, where the context so admits or requires, the Convertible Preference Share.

(2) **Entitlement to Dividend**

The Convertible Preference Shareholders are entitled to participate pari passu in any dividends payable to the holders of the Ordinary Shares on a pro rata as-if-converted basis.

(3) **Return of Capital**

On a return of capital on winding up or otherwise (but not on any conversion of Convertible Preference Shares or any repurchase by the Company of Convertible Preference Shares or Ordinary Shares), the assets of the Company available for distribution among the Members shall be applied as follows:

(a) First, such assets shall be applied towards repayment of an amount equal to the aggregate of the paid up (or credited as paid up) amounts of all of the Convertible Preference Shares; and

(b) Secondly, the balance of such assets shall belong to and be distributed among the holders of the Ordinary Shares and other classes of shares of the Company currently or to be created in future in the capital of the Company. The Convertible Preference Shareholders shall not have the right to participate in such remaining assets.

(4) **Voting**

(a) The Convertible Preference Shareholders shall not be entitled to vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed at a general meeting which if passed would (subject to any consents required for such purpose being obtained) vary, modify or abrogate the rights or privileges of the Convertible Preference Shareholders, in which event the Convertible Preference Shares shall confer on the holders thereof the right to receive Notice of, and to attend, participate and vote, such that one Convertible Preference Share shall confer one vote either in person or by proxy at that general meeting, except that such holders may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment and the particular resolution for winding-up of the Company or any resolution which if passed would (subject to any consents required for such purpose being obtained) vary, modify or abrogate the rights and privileges of the Convertible Preference Shareholders; and

(b) Notwithstanding paragraph (4)(a) in this Article 9A, each Convertible Preference Shareholder shall be entitled to receive copies of all Notices of any general meeting of the Company and shall be entitled to attend the same, whether or not it has a right to vote thereat.

(5) **Conversion**

(a) At any time during the Conversion Period, a Convertible Preference Shareholder may serve a Notice on the Company to convert all or such number of the New Convertible Preference Shares in multiples of 1,000,000 Convertible Preference Shares held by it and the balance thereof into Ordinary Shares whereupon the Company shall cause to be allotted and issued to such Convertible Preference Shareholder such number of Ordinary Shares as shall be equal to the number of Convertible Preference Shares, subject to adjustment as set out in paragraph (8) below;

(b) Conversion of the Convertible Preference Shares as aforesaid during the Conversion Period shall be effected in such manner as the Directors shall, subject to these Articles and the Law, from time to time determine. In the event the conversion is on a one for one basis as set out in paragraph (5)(a) above without any adjustment, the conversion shall be effected by way of re-designation and all Convertible Preference Shares to be converted shall automatically be re-classified and re-designated as Ordinary Shares without the further approval of the Members on the date of conversion to be determined by the Directors;

(c) Upon conversion of any Convertible Preference Shares into Ordinary Shares, the Company shall cause the share certificates in respect of the relevant Ordinary Shares to be delivered to the relevant Convertible Preference Shareholder and the relevant Convertible Preference Shareholder shall surrender the certificates in respect of the relevant Convertible Preference Shares held by it for cancellation, in each case, as soon as reasonably practicable and in any event within five Business Days from the date of the service of the notice of conversion given by such Convertible Preference Shareholder;

(d) In the event of any fraction of a whole number of Ordinary Shares in the case of a conversion, such fraction shall be rounded down to the nearest whole number of the Ordinary Share;

(e) The Convertible Preference Shareholders shall not exercise the conversion rights as to such number of Convertible Preference Shares if upon the conversion thereof, the percentage of the Ordinary Shares held by the public would drop below the minimum public float requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited applicable to the Company from time to time; and

(f) All Notices served pursuant to paragraph 5(a) in this Article 9A shall be in writing and shall be deemed to have been served after two Business Days of posting if sent by registered post, in the case of Notice to the Company to the principal place of business of the Company in Hong Kong and in the case of Notice to any Convertible Preference Shareholder, to the address recorded in the register of holders of the Convertible Preference Shares kept by the Company.

(6) **Non-Redemption**

All Convertible Preference Shares are non-redeemable by the Company and the holders of the Convertible Preference Shares shall have no right to request the Company to redeem any of the Convertible Preference Shares.

(7) **Transfer**

The Convertible Preference Shares shall be transferable by an instrument of transfer in any usual or common form or such other form as may be approved by the Board.

(8) **Adjustment**

(a) If, while any of the Convertible Preference Shares remain outstanding, the Company shall sub-divide or consolidate the Ordinary Shares, the number of Ordinary Shares into which the Convertible Preference Shares may be converted on any subsequent conversion shall in the case of a sub-division be increased or in the case of a consolidation be reduced proportionately;

(b) If, while any of the Convertible Preference Shares remain outstanding, the Company shall make any bonus issue by way of capitalisation of profits or reserves (including any share premium account) to Members, then, in any such event, such issue shall be made in the form of fully paid Ordinary Shares and provision shall be made so that, upon conversion of any Convertible Preference Shares thereafter, the holder of such Convertible Preference Shares shall receive, in addition to the number of Ordinary Shares fall to be issued upon such conversion, the amount of Ordinary Shares which such holder would have received had the Convertible Preference Shares been converted into Ordinary Shares immediately prior to such event, all subject to further adjustment as provided herein; and

(c) A certificate by the Company as to any appropriate adjustment to be made as a result of the provisions of this paragraph (8) in this Article 9A, shall be sent within 28 days of the event resulting in such adjustment to the Convertible Preference Shareholders and shall be conclusive and binding."

(2) to reflect the change of name of the Company and increase in the authorised share capital of the Company, it is proposed to amend the Memorandum and Articles in the following manner:

(i) By deleting the existing name of the Company "Enric Energy Equipment Holdings Limited 安瑞科能源裝備控股有限公司" wherever it appears in the Memorandum and replacing it with "CIMC Enric Holdings Limited 中集安瑞科控股有限公司"; and

(ii) Clause 8

By deleting the clause in its entirety and replacing it with the following:

"The share capital of the Company is HK$120,000,000, comprising 10,000,000,000 ordinary shares of a nominal or par value of HK$0.01 each and 2,000,000,000 non-redeemable convertible preference shares of a nominal or par value of HK$0.01 each."

It is also proposed to amend the Articles in the following manner:

By deleting the existing name of the Company wherever it appears in the Articles and replacing it with "CIMC Enric Holdings Limited 中集安瑞科控股有限公司"

(3) to include provisions to ensure the Restructured Group will be capable of managing its business independently of CIMC after completion of the Proposed Transactions, it is proposed to amend the Articles in the following manner:

(i) Article 103

By deleting the existing Article 103(1)(v) in its entirety and replacing it with the following:

"any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as a shareholder or in which the Director or any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate is derived); or"

By deleting the existing Article 103(3) in its entirety and replacing it with the following:

"(i) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction; or (ii) where a company in which a Director holds directorship or senior management position is materially interested in a transaction, then such Director shall also be deemed to be materially interested in such transaction."

(ii) New Article 103A

By inserting a new Article 103A immediately after Article 103 as follows:

"103A. In addition, and without limitation to the foregoing, any such Director shall excuse himself from any meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolutions where any contract or arrangement or other proposal in which he or any of his associate is materially interested is discussed or resolved, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by the remaining Directors."

EGM

Your attention is hereby drawn to pages N-1 to N-10 of this circular where you will find a notice of the EGM to be held at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 26 June 2009 at 11:00 a.m. At the EGM, resolutions will be proposed to approve, among other things: (1) the Proposed Transactions; (2) the proposed grant of the specific mandate to issue Shares; (3) the Whitewash Waiver; (4) the non-exempt continuing connected transactions (including the related proposed annual caps); (5) the proposed change of name of the Company; (6) the proposed increase in the authorised share capital of the Company; and (7) the proposed amendments to the Memorandum and Articles.

As at the Latest Practicable Date, CIMC beneficially owned the entire issue share capital of CIMC HK and indirectly owned 56% of the issued share capital of CIMC Vehicle. CIMC HK beneficially owned 24% of the issued share capital of CIMC Vehicle and the entire issue share capital of Charm Wise, which, in turn, beneficially owned 41.55% of the existing issued Ordinary Shares. As such, CIMC is the ultimate controlling shareholder of the Company under the Listing Rules and a party interested or taken to be interested in the Proposed Transactions, the non-exempt continuing connected transactions, and the Whitewash Waiver. CIMC and its Associates (which together beneficially owned approximately 41.60% of the issued share capital of the Company as at the Latest Practicable Date) will abstain from voting on resolutions for the Proposed Transactions and the non-exempt continuing connected transactions (including the related proposed annual caps) to be proposed at the EGM for the approval of the Independent Shareholders. The CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC will abstain from voting on the resolution for the Whitewash Waiver to be proposed at the EGM for the approval of the Independent Shareholders. CIMC and its Associates as well as the CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC have otherwise indicated an intention to vote in favour of the resolutions on which they are permitted to vote. No voting trust or other agreement or arrangement or understanding has been entered into by or was binding upon CIMC and its Associates as well as the CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC as at the Latest Practicable Date, whereby CIMC and its Associates as well as the CIMC Concert Party Group and associates (as defined under the Takeovers Code) of CIMC might temporarily or permanently pass control over the exercise of the voting rights in respect of their Ordinary Shares to a third party, either generally or on a case-by-case basis.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed on it and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 4:00 p.m. on 23 June 2009 or no less than 48 hours before the time appointed for any adjourned meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, passed at the EGM will be conducted by way of poll.

GENERAL

Deutsche Bank and China Merchants have been appointed as joint sponsors of the new listing application.

The Independent Board Committee (comprising all independent non-executive Directors, namely Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan has been constituted to consider the terms of the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement), the proposal for grant of the specific mandate to issue Shares and the non-exempt continuing connected transactions, and to make recommendations to the Independent Shareholders.

The Whitewash Independent Board Committee (which, at the time of its constitution as disclosed in the Announcement, comprised all non-executive Directors who have no direct or indirect interest in the Proposed Transactions and the Whitewash Waiver, namely Mr. Yang Yu, Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan, and, following the resignation of Mr. Yang Yu as a non-executive Director on 11 May 2009, comprises henceforth only all the independent non-executive Directors, namely Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan has been constituted to consider the terms of the Whitewash Waiver, and to make recommendations to the Independent Shareholders.

Somerley has been appointed as independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the terms of the Proposed Transactions, proposed grant of the specific mandate to issue Shares and the non-exempt continuing connected transactions (including the related proposed annual caps). It will also advise the Whitewash Independent Board Committee on the fairness and reasonableness of the Proposed Transactions contemplated in the Whitewash Waiver.

RECOMMENDATIONS

The Independent Board Committee, having considered the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps), as well as the advice and recommendations of Somerley set out in the section headed "Letter from the Independent Financial Adviser" of this circular, considers that the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps) are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the non-exempt continuing connected transactions are on normal commercial terms and in the usual and ordinary course of business of the Restructured Group. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve, among other things, the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps). The "Letter from the Independent Board Committee" is set out on pages 82 to 83 of this circular and the "Letter from the Independent Financial Adviser" is set out on pages 86 to 136 of this circular.

The Whitewash Independent Board Committee, having considered the terms of the Proposed Transactions and the Whitewash Waiver, as well as the advice and recommendations of Somerley set out in the section headed "Letter from the Independent Financial Adviser" of this circular, considers that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Whitewash Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve, among other things, the Whitewash Waiver. The "Letter from the Whitewash Independent Board Committee" is set out on pages 84 to 85 of this circular and the "Letter from the Independent Financial Adviser" is set out on pages 86 to 136 of this circular.

On the basis of the information set out in this circular, the Directors (including members of the Independent Board Committee and of the Whitewash Independent Board Committee) consider that the passing of the resolutions for (1) the Proposed Transactions, (2) the proposed grant of the specific mandate to issue Shares, (3) the Whitewash Waiver, (4) the non-exempt continuing connected transactions (including the related proposed annual caps), (5) the proposed change of name of the Company, (6) the proposed increase in the authorised share capital of the Company, and (7) the proposed amendments to the Memorandum and Articles are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend that the Shareholders vote in favour of the resolutions set out in the notice of EGM at the end of this circular.

FURTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular, which contain further information on the Target Group and other information required to be disclosed under the Takeovers Code and the Listing Rules.

Yours faithfully,
For and on behalf of the Board of
Enric Energy Equipment Holdings Limited
Zhao Qingsheng
Chairman

Enric Energy Equipment Holdings Limited
安瑞科能源裝備控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3899)

Executive Directors:
Zhao Qingsheng *(Chairman)*
Jin Yongsheng *(Chief Executive Officer)*
Wu Fapei
Jin Jianlong
Yu Yuqun
Shi Caixing
Qin Gang

Independent non-executive Directors:
Wong Chun Ho
Gao Zhengping
Shou Binan

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

Principal place of business in Hong Kong:
Room 3104, 31st Floor
Tower One
Lippo Centre
No. 89 Queensway
Hong Kong

3 June 2009

To the Independent Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTION AND VERY SUBSTANTIAL ACQUISITION
(2) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION
(3) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES
(4) CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to Shareholders dated 3 June 2009 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

The Independent Board Committee has been constituted to, among other things, give a recommendation to the Independent Shareholders in respect of the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps). Somerley has been appointed as the independent financial adviser to advise us in connection with the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps). Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out in its letter on pages 86 to 136 of the Circular, and the additional information set out in other sections of and appendices to the Circular.

Having considered the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps), as well as the advice and recommendations of Somerley as set out in its letter of advice, we consider that the terms of the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps) are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the non-exempt continuing connected transactions are on normal commercial terms and in the usual and ordinary course of business of the Restructured Group. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve, among other things, the Proposed Transactions, the proposed grant of the specific mandate to issue Shares, and the non-exempt continuing connected transactions (including the related proposed annual caps).

Yours faithfully,
Independent Board Committee
Enric Energy Equipment Holdings Limited
Wong Chun Ho
Gao Zhengping
Shou Binan
Independent non-executive Directors

Enric Energy Equipment Holdings Limited
安瑞科能源裝備控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3899)

Executive Directors:
Zhao Qingsheng *(Chairman)*
Jin Yongsheng *(Chief Executive Officer)*
Wu Fapei
Jin Jianlong
Yu Yuqun
Shi Caixing
Qin Gang

Independent non-executive Directors:
Wong Chun Ho
Gao Zhengping
Shou Binan

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

Principal place of business in Hong Kong:
Room 3104, 31st Floor
Tower One
Lippo Centre
No. 89 Queensway
Hong Kong

3 June 2009

To the Independent Shareholders

Dear Sir or Madam,

APPLICATION FOR WHITEWASH WAIVER

We refer to the circular issued by the Company to Shareholders dated 3 June 2009 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

The Whitewash Independent Board Committee has been constituted to, among other things, give recommendations to the Independent Shareholders in respect of the Whitewash Waiver. Somerley has been appointed as the independent financial adviser to advise us in connection with the terms of the Proposed Transactions and the Whitewash Waiver. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out in its letter on pages 86 to 136 of the Circular. Your attention is also drawn to the "Letter from the Board" set out on pages 45 to 81 of the Circular, and the additional information set out in other sections of and appendices to the Circular.

Having considered the terms of the Proposed Transactions and the Whitewash Waiver, as well as the advice and recommendations of Somerley as set out in its letter of advice, we consider that the Whitewash Waiver are fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Whitewash Waiver.

Yours faithfully,
Whitewash Independent Board Committee
Enric Energy Equipment Holdings Limited
Wong Chun Ho
Gao Zhengping
Shou Binan
Independent non-executive Directors

The following is the text of a letter of advice to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders from Somerley prepared for the purpose of incorporation in this circular:

SOMERLEY LIMITED
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

3 June 2009

To: *the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders*

Dear Sirs,

(1) CONNECTED TRANSACTION AND VERY SUBSTANTIAL ACQUISITION
(2) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION
(3) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES
(4) APPLICATION FOR WHITEWASH WAIVER
(5) CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to act as the Independent Financial Adviser to advise the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders, where appropriate, in connection with the transactions contemplated under Acquisition Agreements including the proposed grant of specific mandate to issue the Consideration Shares (the "Specific Mandate"), the application for the Whitewash Waiver and the non-exempt continuing connected transactions in relation to the supply of products and services between the Target Group and members of CIMC Group after completion of the Proposed Transactions. Details of the Acquisition Agreements, the Specific Mandate, the Whitewash Waiver and the non-exempt continuing connected transactions are contained in the circular of the Company dated 3 June 2009 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

The Proposed Transactions constitute a very substantial acquisition and reverse takeover for the Company under the Listing Rules and involves the Company making an application for new listing. CIMC through CIMC HK and CIMC Vehicle is interested in 100% and 80% of Target Co China and Target Co Europe respectively. CIMC through CIMC HK and Charm Wise is interested in 41.55% of the existing issued share capital of the Company. CIMC Vehicle is a wholly-owned subsidiary of CIMC Vehicle (Group) Co. Ltd., which in turn is held as to 56% by CIMC and as to 24% by CIMC HK. By virtue of the respective substantial shareholdings, CIMC, CIMC HK, CIMC Vehicle and

Charm Wise are considered connected persons of the Company under the Listing Rules and the Proposed Transactions therefore constitute a connected transaction for the Company. The Proposed Transactions which include the allotment and issue of New Ordinary Shares and New Convertible Preference Shares under the Specific Mandate require the Independent Shareholders' approval.

Mr. Zhao Qingsheng, an executive Director and Chairman of the Company, who is presumed to be acting in concert with the CIMC Concert Party Group under the Takeovers Code, acquired 214,000 Ordinary Shares (representing approximately 0.05% of the entire issued share capital of the Company) in October 2008 and retains such Ordinary Shares as at the Latest Practicable Date. Immediately following the allotment and issue of New Ordinary Shares to CIMC HK and CIMC Vehicle, the interest of the CIMC Concert Party Group in the Company will increase from approximately 41.60% of the existing issued share capital of the Company to approximately 68.73% of the issued share capital of the Company as enlarged by the New Ordinary Shares (but excluding the New Convertible Preference Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares). The CIMC Concert Party Group has made an application to the Executive for the Whitewash Waiver from an obligation to make a general offer under Rule 26 of the Takeovers Code in respect of the shares of the Company not already owned or agreed to be acquired by the CIMC Concert Party Group. The Executive has indicated that it will grant to the CIMC Concert Party Group the Whitewash Waiver subject to the approval of the Independent Shareholders of the Whitewash Waiver at the EGM on a vote taken by poll.

Upon completion of the Proposed Transactions, members of the Target Group will become subsidiaries of the Company. Accordingly, the on-going provision of services, sale and purchase of products and other transactions which are expected to continue to take place between certain subsidiaries and associates of CIMC and members of the Target Group will constitute continuing connected transactions for the Company under the Listing Rules. Since the Board expects that the relevant applicable percentage ratios in respect of the annual consideration for certain continuing connected transactions will not be less than 2.5% and will be more than HK$10,000,000, the transactions would constitute non-exempt continuing connected transactions for the Company under the Listing Rules and require Independent Shareholders' approval.

The Independent Board Committee, comprising all the Company's independent non-executive Directors, namely Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan, has been established to advise the Independent Shareholders on whether the terms of the Acquisition Agreements including the Specific Mandate, and the non-exempt continuing connected transactions (including the relevant proposed annual caps) are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Acquisition Agreements including the Specific Mandate, and the non-exempt continuing connected transactions (including the relevant proposed annual caps) are in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Whitewash Independent Board Committee has been established to consider the terms of the Whitewash Waiver, and to make a recommendation to the Independent Shareholders. We, Somerley, have also been appointed to advise the Whitewash Independent Board Committee and the Independent Shareholders in this regard. The Whitewash Independent Board Committee at the time of its constitution, consisted of all the Company's independent non-executive Directors, being Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan and the non-executive Director, Mr. Yang Yu. Mr. Yang Yu subsequently resigned as the non-executive Director with effect from 11 May 2009 for health reasons and ceased to be a member of the Whitewash Independent Board Committee accordingly.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that the information and the facts provided and opinion expressed to us are true, accurate and complete and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth, accuracy or completeness of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Target Group and CIMC Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

I. Information on the Group

(i) Business and history of the Group

The Group is principally engaged in manufacturing of energy equipment and the provision of integrated business solutions ("IBS") in the energy equipment industry and the design, manufacturing and sales of specialised gas equipment. The Group produces specialised gas equipment including (but not limited to) seamless pressure cylinders, cryogenic liquid storage tanks, natural gas refueling station systems, CNG trailers, LNG trailers, refueling station trailers, chemical material trucks and specialty gas trailers. The shares of the Company were listed on the Growth Enterprise Market of the Stock Exchange ("GEM") in October 2005 and was later migrated to the Main Board of the Stock Exchange in July 2006. In August 2007, Charm Wise acquired 190,703,000 Ordinary Shares, representing approximately 42.18% of the then entire issued share capital of the Company from Mr. Wang Yusuo, the ex-chairman of the Company. As at the Latest Practicable Date, Charm Wise retains all those Ordinary Shares and remains a 41.55% controlling shareholder of the Company.

The Group is one of the leading specialised gas equipment manufacturers and integrated business solutions providers in the gas energy industry in the PRC. The Group's products and services are represented in over 29 provinces, autonomous regions and municipalities throughout the PRC. The Group has an established sales network, covering major cities in the PRC including Bengbu, Chongqing, Guangzhou, Langfang, Shanghai, Shenyang, Urumqi, Xi'an and Wuhan. Products are also exported to Thailand, Indonesia, Pakistan, the United States and Vietnam.

As set out in the 2008 annual report of the Company, it is the objective of the Group to become a world leading energy equipment manufacturer and integrated business solutions provider. The Group will continue its strategy to broaden the overseas market with a special focus on Asia and the United States.

(ii) Financial information on the Group

Profit and loss

Set out below is a summary of the results of the Group for the three years ended 31 December 2008. Detailed audited consolidated income statements are set out in Appendix III to the Circular.

	For the year ended 31 December		
	2006	**2007**	**2008**
	RMB'000 (audited)	**RMB'000 (audited)**	**RMB'000 (audited)**
Turnover	769,952	940,991	1,237,280
Gross profit	219,957	254,478	329,549
Gross profit margin	***28.6%***	***27.0%***	***26.6%***
Profit from operations	117,290	135,887	167,328
Finance costs	(8,677)	(11,716)	(9,750)
Profit before taxation	101,791	124,171	157,578
Profit for the year attributable to equity shareholders of the Company	96,504	118,876	134,406
Earnings per Ordinary Share — Basic (RMB)	0.217	0.264	0.293
Dividends per Ordinary Share	Nil	Nil	Nil

Contributed by the rise in sales of pressure vessels and provision of IBS, revenue of the Group in 2006 jumped by 50.1% to approximately RMB770.0 million. The 46.6% increase in gross profit was slightly less than the growth in turnover. The gross profit margin dropped slightly from 29.3% in 2005 to 28.6% in 2006. This was principally due to a change in product mix. Profit attributable to equity shareholders of the Company amounted to RMB96.5 million, representing an increase of 40.5% when compared to RMB68.7 million in 2005.

Under the continuous rise in global demand for equipment for the storage and transportation of natural gas and specialty gases, the Group recorded 22.2% growth in turnover to RMB941.0 million in 2007. However, the surge in production cost (i.e. raw material cost and basic salary) dragged the gross profit margin down to 27%. Due to a lower effective tax rate in 2007 and absence of non-recurring expenses relating to the loss on disposal of property, plant and equipment, the profit attributable to equity shareholders of the Company rose by 23.2% to RMB118.9 million in 2007.

For the year ended 31 December 2008, the Group experienced a robust growth in its pressure vessel and IBS businesses which pushed its turnover up by 31.5% to RMB1,237.3 million when compared to 2007. Under the increased utilisation of domestically procured special steel pipes which were more economical than imported ones for the pressure vessel segments and the change in product mix to higher margin products for the IBS business, gross profit margins of these two business divisions were improved. Compressors segment recorded a fall in gross profit margin due to a rise in the cost of raw materials. The Group's overall gross profit margin down by 0.4% to 26.6%, since pressure vessels, which has the lowest gross profit margin among the three segments, increased its proportion in the Group's overall turnover to 62.2% from 57.1% in 2007. Profit for the year attributable to equity shareholders of the Company increased by 13.1% to RMB134.4 million. The significant growth in profit was contributed by the Group's adoption of proactive marketing strategies in boosting sales, the increase in selling price of certain products and the Group's costs and expenses controls.

Balance sheet

Set out below is the audited consolidated balance sheet of the Group as at 31 December 2008, details of which are set out in Appendix III to the Circular.

	At 31 December 2008
	RMB
	(audited)
Non-current assets	
Property, plant and equipment	226,136,331
Construction in progress	10,132,989
Lease prepayments	59,307,065
Intangible assets	8,551,942
Prepayments for equity investment	17,070,063
Deferred tax assets	3,745,071
	324,943,461
Current assets	
Inventories	519,224,786
Trade and bills receivable	273,728,540
Deposits, other receivables and prepayments	77,140,195
Amounts due from related parties	2,052,942
Cash at bank and in hand	243,405,060
	1,115,551,523

	At 31 December 2008
	RMB
	(audited)
Current liabilities	
Bank loans	166,803,157
Trade and bills payable	265,846,508
Other payables and accrued expenses	189,957,656
Income tax payable	9,330,751
Amounts due to related parties	20,072,177
Provision	4,850,717
	656,860,966
Net current assets	**458,690,557**
Total assets less current liabilities	**783,634,018**
Non-current liabilities	
Deferred tax liabilities	3,385,241
NET ASSETS	**780,248,777**
CAPITAL AND RESERVES	
Share capital	4,768,770
Reserves	775,480,007
TOTAL EQUITY	**780,248,777**

Property, plant and equipment

As at 31 December 2008, the Group had property, plant and equipment of RMB226.1 million, representing approximately 15.7% of the Group's total asset. There were buildings of RMB118.6 million and machinery of RMB85.9 million, representing approximately 52.5% and 38.0% of the total property, plant and equipment respectively.

Inventories

Amongst the RMB519.2 million inventories as at 31 December 2008, there were raw materials (mainly seamless steel pipes) of RMB219.1 million, work in progress of RMB152.9 million and finished goods (mainly pressure vessels, compressors and integrated business solutions equipment) of RMB114.6 million.

Trade and bills receivable

About 59.0% of the total trade and bills receivable of RMB273.7 million as at 31 December 2008 were due less than one month. Credit terms granted to customers ranged from three to twelve months which is subject to assessment of credibility of each customer.

Cash and borrowings

As at 31 December 2008, the Group had a cash balance of RMB243.4 million and bank borrowings of RMB166.8 million. A portion of the Group's deposits totaling to RMB37.1 million was restricted for securing letters of credit and bills payable. The bank loans had annual interest rates ranged from 5.6% to 7.5%. The Group retained a net cash balance of RMB76.6 million as at 31 December 2008.

II. The Proposed Transactions

(i) Reasons for and benefits of the Proposed Transactions

The Directors believe that the Proposed Transactions would broaden the Group's business scope which may create synergy through ongoing operational economies of scale by centralising the procurement of raw materials. The Restructured Group intends to strategically develop and expand the business segments and product offerings to serve new industries such as liquid food and chemical industries. We concur with the Directors that it would be beneficial to the Group to diversify its business into the liquid food and chemical industries so as to reduce reliance on its existing business and minimise exposure to its fluctuations. The Group may also benefit from cross-selling opportunities through expanded sales networks after completion of the Proposed Transactions. By reorganising its management teams and back office functions, the administration costs of the Restructured Group is expected to be lowered. The Proposed Transactions would also enable the Group to establish a stronger and larger platform for further acquisitions with a view to consolidate its market leadership position as an integrated service provider.

The Restructured Group also plans to enhance the results of operations of the Target Group's business through continued technological improvement and increase revenue from sales of its existing products through securing new customers and increasing sales to existing customers.

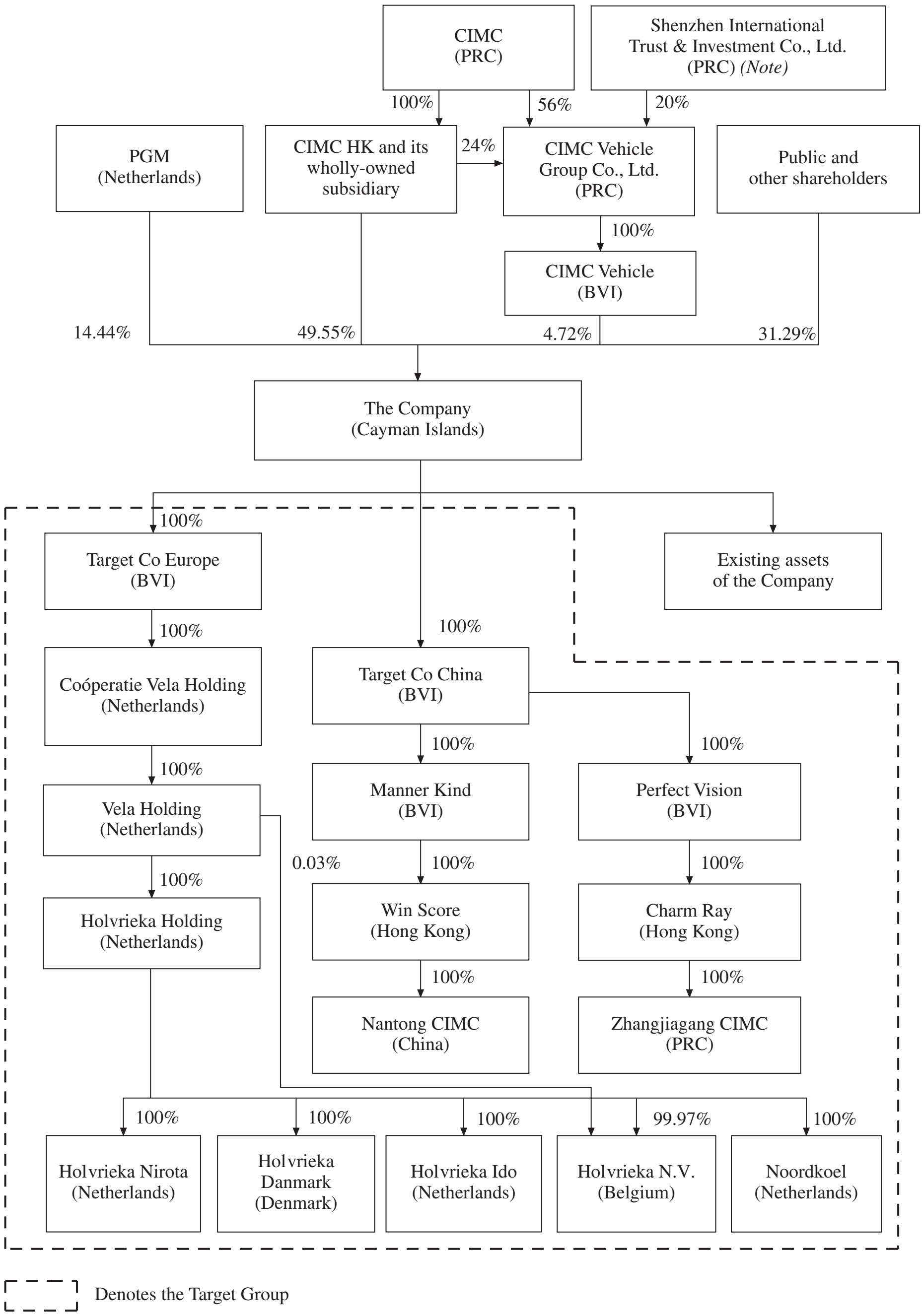
The Proposed Transactions are in line with the strategy of the Group to broaden its overseas market and to seek investment opportunities in the energy equipment and specialised container industry as discussed above under the paragraph headed "Business and history of the Group". The Directors expect the Proposed Transactions would create a platform for the Group to coordinate its business operations in the PRC and Europe and facilitate itself to capture the market growth.

(ii) The Acquisition Agreements

(a) Assets to be acquired by the Company

The Proposed Transactions involve (i) the sale by CIMC HK and CIMC Vehicle and the purchase by the Company of 80.04% and 19.96% of the issued share capital of the Target Co China respectively;

(ii) the sale by CIMC HK and PGM and the purchase by the Company of 80% and 20% of the issued share capital of the Target Co Europe respectively. Upon completion of the Reorganisation, Target Co Europe will hold 100% interest in Holvrieka Holding and Target Co China will hold 100% interest in Nantong CIMC and Zhangjiagang CIMC. Nantong CIMC is the largest manufacturer of tank containers in the world in terms of production volume in 2007 and Zhangjiagang CIMC is a leading provider of cryogenic equipment in China. Through its subsidiaries, Holvrieka Holding is a leading provider of liquid food tanks in the world. Upon completion of the Proposed Transactions, the Target Co China and the Target Co Europe will become wholly-owned subsidiaries of the Company. The structure of the Restructured Group following completion of the Proposed Transactions is set out below:



Note: Shenzhen International Trust & Investment Co., Limited holds the 20% interests in CIMC Vehicle Group Co., Ltd. on trust for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units, of which 45,000,000 units have been allocated. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units.

(b) Deed of Non-compete Undertakings

In order to address the perceived or potential competition between CIMC and the Company after completion of the Proposed Transactions, CIMC has provided the Non-compete Undertakings to the Company. Pursuant to the Deed of Non-compete Undertakings, CIMC has granted the Company (i) the option to purchase on the basis of valuation conducted by an independent valuer jointly appointed by CIMC and the Company, subject to any relevant laws and applicable listing rules and existing third party pre-emptive rights of; and (ii) the pre-emptive right to purchase on terms no less favourable than those offered by third parties, if CIMC or any of its subsidiaries intends to transfer, sell, lease or license the relevant interests to any third party of (a) any interest in the Permitted Business; and (b) any interest in any business of CIMC resulting from business opportunity which directly or indirectly competes, or may lead to competition, with the businesses of the Restructured Group, which has been offered to, but has not been purchased or taken up by the Company, and has been retained by CIMC or any of its subsidiaries or associates.

The Deed of Non-compete Undertakings will remain valid until such time (i) as CIMC directly or indirectly owns less than 30% of the issued share capital of the Company; and (ii) the Ordinary Shares are no longer listed on the Stock Exchange or any other internationally recognised stock exchanges. CIMC has also undertaken that itself or any of its subsidiaries (i) will not directly or indirectly, alone or with others, in any form, engage in, assist or support a third party in the operation of, or participate or have any interest in, the Relevant Business, except for (a) the Permitted Business; and (b) the holding of securities in any company the shares of which are listed on the Stock Exchange or on any other stock exchange and which competes with the Restructured Group, provided that such shares do not exceed 5% of the issued share capital of such listed company and that at no time will CIMC or any of its associates participate in the management of such listed company.

In addition, if CIMC or any of its subsidiaries becomes aware of a business opportunity which directly or indirectly competes, or may lead to competition, with the Relevant Business, CIMC will notify the Company of such business opportunity immediately upon becoming aware of it and use its best efforts to procure that such opportunity is first offered to the Company upon terms that are fair and reasonable, and CIMC and its subsidiaries will only take up such business opportunity upon receiving the Company's written notification that the Company decides not to take up such opportunity.

We consider that the Deed of Non-compete Undertakings are beneficial to the Group as they safeguard the Restructured Group from competition with CIMC Group in the future.

(c) Conditions precedent

Completion of the sale and purchase of the entire issued share capital of Target Co China and Target Co Europe is inter-conditional and is each conditional upon certain conditions being fulfilled or waived by the Company on or before the Long Stop Date which was extended to 2 September 2009 as announced by the Company on 12 December 2008. The more significant ones from the Independent Shareholders' perspective are:

(i) the approval by the Independent Shareholders in general meeting by way of poll of (a) the terms of the Acquisition Agreements; (b) the proposal for grant of the specific mandate to allot and issue Shares to satisfy the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares and the underlying Shares which fall to be issued upon conversion of the New Convertible Preference Shares; (c) the Whitewash Waiver; and (d) the non-exempt continuing connected transactions contemplated thereunder and the proposed annual caps on the value of such transactions in accordance with the requirements of the Listing Rules;

(ii) the approval of the Proposed Transactions being obtained from the shareholders of CIMC in accordance with the applicable laws and the requirements of the Shenzhen Stock Exchange or other supervisory or regulatory body to which CIMC is subject;

(iii) all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications which are required and appropriate for the execution and performance of the Acquisition Agreements and the Whitewash Waiver having been obtained or made from or to relevant third parties and/or governmental or regulatory authorities or bodies (including relevant Chinese authorities), and not having been revoked prior to completion of the Proposed Transactions;

(iv) the approval in principle of the Listing Committee of the Stock Exchange of the new listing application by the Company having been obtained; and

(v) the Listing Committee of the Stock Exchange agreeing to grant (subject to allotment) the listing of, and permission to deal in, the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares (and such permission and listing not subsequently being revoked prior to the delivery of the definitive share certificates representing the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares).

The sale and purchase of the entire issued share capital of Target Co Europe is conditional upon the restructuring of the credit facility obtained by CIMC Burg and its subsidiaries under the combined credit facility agreement dated 26 June 2007 to the satisfaction of the Company. All the pledges and mortgages under the credit facility on Holvrieka Group would have been released upon completion of the Proposed Transactions.

Pursuant to the Supplemental Agreements, completion of the Proposed Transactions will be subject to the satisfaction of an additional condition precedent that RMB 130,000,000 (equivalent to approximately HK$148,656,375) out of the aggregate amount of approximately RMB150,235,652 (equivalent to approximately HK$171,796,057) due from Target Group China to CIMC Vehicle Group as of 31 December 2008 having been waived in full by CIMC Vehicle Group or its assigns, if any.

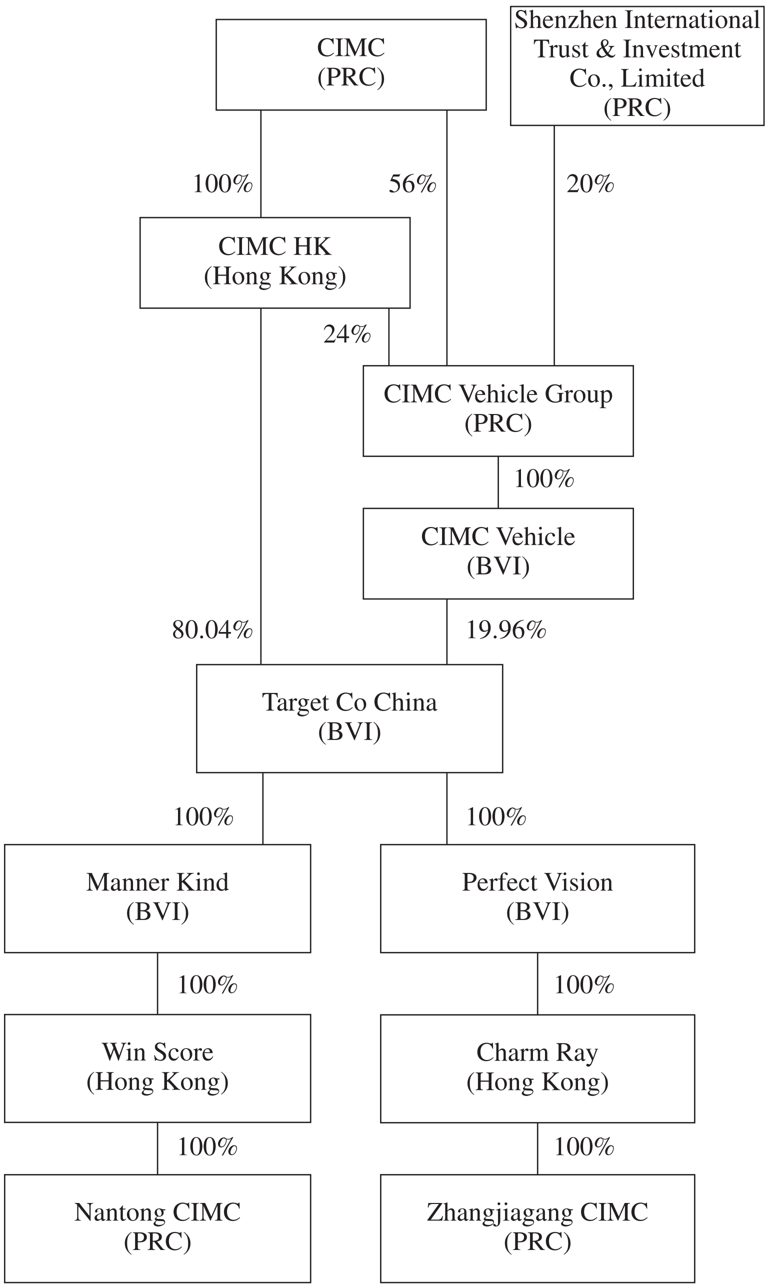
The above mentioned conditions are non-waivable and accordingly, in the event that they are not satisfied, the Proposed Transactions will not proceed. As at the Latest Practicable Date, conditions (iv) and (v) have been satisfied.

(iii) Information on the Target Group and CIMC

(a) Target Group China

1. Business and structure of Target Group China

Set out below is the corporate structure of Target Group China as at the Latest Practicable Date:



Target Co China, the holding company of Target Group China, was incorporated in the BVI as a limited company on 11 December 2007. As at the Latest Practicable Date, 80.04% of the equity interest of Target Co China is held by CIMC HK and the remaining 19.96% is held by CIMC Vehicle. The two principal operating subsidiaries of Target Group China are Nantong CIMC and Zhangjiagang CIMC. CIMC acquired its interests in the entire registered capital of Nantong CIMC and Zhangjiagang CIMC at an aggregate cost of approximately US$27 million (equivalent to approximately HK$211 million) and approximately RMB169 million (equivalent to approximately HK$193 million) respectively.

Nantong CIMC

Nantong CIMC was established in August 2003 as a Sino-foreign equity joint venture and subsequently became a wholly-foreign owned enterprise in May 2008. It had a registered capital of USD25 million as at the Latest Practicable Date.

Nantong CIMC is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for tank containers and custom-made pressure vessels. Products of Nantong CIMC are designed for transportation of chemicals, liquid food and natural gas. Nantong CIMC is the largest manufacturer of tank containers in the world in terms of production volume in 2007 according to WorldCargo News.

UBHI and WEW have entered into various sub-licences agreements with Nantong CIMC to provide continuing engineering backup for Nantong CIMC's manufacturing of collar tank containers, low height frame tank containers and carbon steel gas tank containers. Both UBHI and WEW are experienced tank containers manufacturers which own advanced proprietary technologies. The production plants of Nantong CIMC had a total gross floor area of approximately 55,350 sq.m, composing of six workshops and a total of eleven production lines in Nantong, a coastal city with container terminals facilities next to Shanghai. As at 31 December 2008, Nantong CIMC has an annual production capacity of approximately 22,000 units. With the advance technologies from UBHI and WEW and distinguished manufacturing capabilities, Nantong CIMC has received wide recognition from internationally renowned major tank leasing companies, tank container operators and other end users.

Zhangjiagang CIMC

Zhangjiagang CIMC was set up as a limited liability company in December 1999 and transformed into a Sino-foreign equity joint venture in 2005. After further restructuring in July 2008, Zhangjiagang CIMC became a wholly-foreign owned enterprise and had a registered capital of RMB144,862,042 as at the Latest Practicable Date.

The principal activities of Zhangjiagang CIMC are design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, various types of equipment for the transportation and storage of industrial gas and hazardous chemicals namely, cryogenic storage tanks, cryogenic lorry tankers, large LNG storage tanks (with volume of not more than 4,500 cb.m.), cryogenic tank containers, cryogenic cylinders, and vaporisation equipment for cryogenic liquids. Zhangjiagang CIMC operates under the trade name of "Sanctum" and is a leading provider of cryogenic equipment in China. Zhangjiagang CIMC also engages in the construction of industrial gas storage projects such as LNG/LCNG vehicle refueling station, LNG vaporisation station and LNG cylinder station. Zhangjiagang CIMC locates in Zhangjiagang, Jiangsu Province of the PRC, which is a growing port city in the Yangtze River Delta Economic Zone. Zhangjiagang also offers easy access to the Beijing-Shanghai and Nanjing-Shanghai highways which facilitates the transportation of products of Zhangjiagang CIMC.

Equipped with three workshops and four production lines, Zhangjiagang CIMC has a total gross floor area of its production plants of approximately 61,856 sq.m. and an annual production capacity of approximately 2,000 units as at 31 December 2008.

2. *Past results of Target Group China*

Set out below is a summary of the results of Target Group China for the three years ended 31 December 2008. Detailed audited consolidated income statements are set out in Appendix I to the Circular.

	Years ended 31 December		
	2006	**2007**	**2008**
	RMB'000 (audited)	**RMB'000 (audited)**	**RMB'000 (audited)**
Turnover	1,787,281	2,739,069	3,315,167
Gross profit	391,766	497,945	601,339
Gross profit margin	***21.9%***	***18.2%***	***18.1%***
Profit from operations	328,029	404,784	428,864
Profit before taxation	307,738	361,320	390,147
Profit for the year	281,978	327,182	337,677
Profit attributable to equity shareholders of Target Co China	280,827	326,915	337,385

For the year ended 31 December 2006

Target Group China achieved a 28.3% growth in revenue to RMB1,787.3 million in 2006. The commencement of operation of a new production line during the year satisfied the growing market needs on Target Group China's products. Benefiting from the economy of scale after expansion of production capacity, there was an improvement in gross profit margin from prior year's 19.6% to 21.9%. Resulting from the slashed interest rates for US dollar loan and the effective cost control mechanism imposed during the year, profit attributable to equity holders of Target Co China increased substantially by 63.2% to RMB280.8 million in 2006.

For the year ended 31 December 2007

Turnover of Target Group China rose by 53.3% and reached RMB2,739.1 million in 2007. Such a growth was principally driven by stronger sales volume and the increase in selling price accompanied by the enhanced production capacity to cope with the continuous surging in global demand of energy and chemical logistics equipment. Gross profit margin was down from prior year's 21.9% to 18.2% as a result of the increase in average purchase price of stainless steel and carbon steel sourced by Target Group China. Profit attributable to equity shareholders of Target Co China grew by 16.4% from RMB280.8 million in 2006 to RMB326.9 million in 2007.

For the year ended 31 December 2008

There was a further growth of 21.0% in turnover when compared to 2007. The increase in turnover was mainly contributed by the increase in sales volume of transportation and storage equipment of Target Group China. Gross profit margin maintained at about 18.1%. Despite the significant increase in turnover, profit attributable to equity holders of Target Co China recorded a slight growth of 3.2% under the effect of impairment losses in inventories of RMB47.6 million.

3. Financial position of Target Group China

Set out below is the audited consolidated balance sheet of Target Group China as at 31 December 2008 extracted from its accountants' report prepared in accordance with the Hong Kong Financial Reporting Standards as set out in Appendix I to the Circular:

	31 December 2008
	RMB'000
	(audited)
Non-current assets	
Property, plant and equipment	367,925
Construction in progress	72,279
Lease prepayments	44,604
Intangible assets	4,486
Prepayments for non-current assets	250
Goodwill	15,821
Deferred tax assets	32,175
	537,540
Current assets	
Inventories	747,991
Trade debtors and bills receivables	555,400
Deposits, other receivables and prepayments	105,577
Amounts due from related parties	27,338
Cash at bank and in hand	36,751
	1,473,057

	31 December 2008
	RMB'000
	(audited)
Current liabilities	
Bank loans	9,940
Trade creditors and bills payable	269,566
Other payables and accrued expenses	193,788
Income tax payable	13,914
Amounts due to related parties	472,137
Provisions	26,216
Derivative financial instruments	14,413
	999,974
Net current assets	**473,083**
Total assets less current liabilities	1,010,623
Non-current liabilities	
Deferred tax liabilities	22,620
Net assets	**988,003**
Capital and reserves	
Share capital	68
Reserves	987,935
Total equity attributable to equity shareholders of the Target Co China	988,003
Minority interests	—
Total equity	**988,003**

Property, plant and equipment

As at 31 December 2008, Target Group China had property, plant and equipment of RMB367.9 million, representing 18.3% of its total assets. They were mainly plants and building of RMB194.8 million and machinery of RMB144.9 million.

Inventories

There were inventories of RMB748.0 million as at 31 December 2008, including raw materials of RMB400.1 million. Stainless steel was the principal raw material whose value was largely affected by the fluctuation of market price of its components including nickel, molybdenum, chromium and iron. The inventory value has to be reviewed regularly.

Trade debtors and bills receivables

About 85.6% of the total trade debtors and bills receivables of RMB555.4 million as at 31 December 2008 were aged below three months. Target Group China normally grants credit periods of 30-90 days to customers.

Cash and bank borrowings

Amongst the cash at bank and in hand of RMB36.8 million as at 31 December 2008, RMB6.6 million were restricted bank deposits for letter of guarantee. Target Group China also had interest bearing bank loans of RMB9.9 million at an annual interest rate between 4.10% and 6.57%.

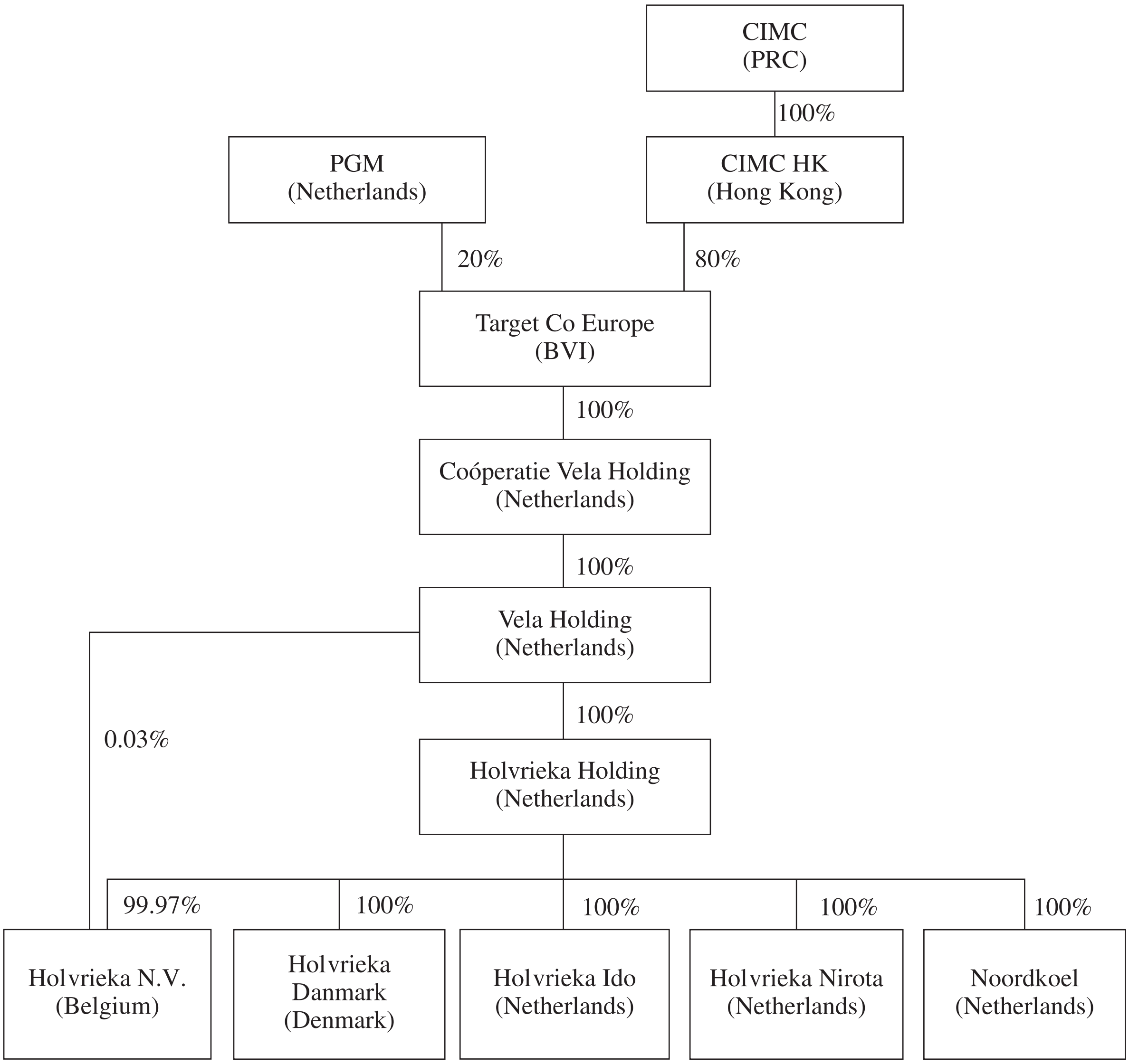
Amount due to related parties

There was RMB472.1 million due to related parties as at 31 December 2008, RMB13.5 million of which was of trade nature. There was also advance from CIMC Group of RMB388.4 million, dividends due to ex-equity holder of RMB55.0 million and tax refund of RMB8 million to ex-equity holders of Nantong CIMC. The directors of Target Co China are of the opinion that all amounts due from/to related parties other than trade-related nature and due to ex-equity shareholders will be waived or repaid prior to completion of the Proposal Transactions.

(b) Target Group Europe

1. Business and structure of Target Group Europe

Set out below is the corporate structure of Target Group Europe immediately after completion of the Reorganisation and before completion of the Proposed Transactions:



Target Co Europe, the holding company of Target Group Europe, was incorporated in the BVI as a limited company. The issued share capital of Target Co Europe is held as to 80% by CIMC HK and 20% by PGM upon its establishment in September 2008. Each of Target Co Europe, Coóperatie Vela Holding and Vela Holding was specifically incorporated for the purpose of the acquisition of the Holvrieka Group and serves principally as an investment holding entity of CIMC Group only. None of them has engaged in any business operation since their incorporation. Holvrieka Holding, incorporated in Netherlands in July 1976, is the immediate holding company of all the five operating subsidiaries of Target Group Europe, namely Holvrieka Nirota, Holvrieka Danmark, Holvrieka Ido, Holvrieka N.V. and Noordkoel. According to Industrial Insights, Target Group Europe is a leading provider of liquid food tanks in the world.

CIMC Burg, a joint venture company which is beneficially owned as to 80% by CIMC through CIMC HK and 20% by PGM, was established on 31 May 2007 in the Netherlands. CIMC Burg acquired Holvrieka Group in 2007 at €108 million. After completion of the Reorganisation, Holvrieka Group will become wholly-owned subsidiaries of Target Co Europe.

Holvrieka Group is principally engaged in the design, development, manufacturing and engineering of stainless steel process and storage tanks, according to customer specifications, for the liquid food (including beer, fruit juice and milk industry), chemical and energy industries. Holvrieka Group provides factory-built tanks, as well as tanks which are assembled at the customers' site using European factory- produced components.

Holvrieka Group has four production plants in the Netherlands, Denmark and Belgium with total production sites of over 54,632 sq.m.. Holvrieka Group has an annual total production capacity of over 510,000 man hours.

2. Past results of Holvrieka Group

Set out below is a summary of the results of Holvrieka Group for the three years ended 31 December 2008. Detailed audited consolidated income statements of Holvrieka Group are set out in Appendix II to the Circular.

	For the year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
	(audited)	**(audited)**	**(audited)**
Turnover	81,954	107,385	121,433
Gross profit	7,752	17,178	20,337
Gross profit margin	***9.5%***	***16.0%***	***16.7%***
Profit before taxation	2,264	10,756	12,950
Profit for the year	1,750	7,898	9,597

For the year ended 31 December 2006

Turnover grew by 22.1% to approximately €82.0 million for the year ended 31 December 2006. Such a growth was contributed by the increasing number of on-site installation projects as a result of the rising demand for liquid food in emerging markets such as South America, Africa, Eastern Europe, Ukraine, Belarus and Russia. The gross profit margin dropped from 16.1% to 9.5% under the pricing pressure when establishing its market presence in the aforesaid new markets. Profit for the year also down by 13.7% to €1.8 million when compared to 2005.

For the year ended 31 December 2007

Following the successful penetration of emerging markets, there was further increase in number of on-site installation projects. Driven by the growing demand for larger tanks by customers in liquid foods industry located in South America, Africa, Eastern Europe, Ukraine, Belarus and Russia, execution of on-site projects in these emerging markets enables Target Group Europe to enjoy a lower cost of construction which boosted gross profit margin from 9.5% to 16.0%. The profit after tax also increased by 351% to €7,898 million.

For the period ended 31 December 2008

The increasing number of on-site installation projects continued to lift the turnover and net profit of Holvrieka Group up by 13.1% and 21.5% respectively when compared to 2007 and maintained a gross profit margin of about 16.7%.

3. Financial position of Holvrieka Group

Set out below is the audited consolidated balance sheet of Holvrieka Group as at 31 December 2008 extracted from the accountants' report of Holvrieka Group prepared in accordance with the Hong Kong Financial Reporting Standards as set out in Appendix II to the Circular:

	31 December 2008
	€'000
	(audited)
Assets	
Non-current assets	
Property, plant and equipment	6,190
Intangible assets	46
Construction in progress	321
Other financial assets	958
	7,515
Current assets	
Derivative financial instruments	9
Inventories	11,378
Trade receivables	17,107
Deposits, other receivables and prepayments	15,613
Amount due from related parties	14,182
Cash and cash equivalents	6,347
	64,636
Total assets	**72,151**

	31 December 2008
	€'000
	(audited)
Current liabilities	
Derivative financial instruments	13
Bank loans and overdrafts	6,012
Trade payables	10,067
Other payables and accrued expenses	14,998
Income tax payable	460
Amount due to related parties	7,805
Employee benefit liabilities	32
Provisions	240
	39,625
Net current assets	25,011
Total assets less current liabilities	32,526
Non-current liabilities	
Amount due to related parties	761
Employee benefits liabilities	251
Provisions	461
Deferred tax liabilities	1,186
	2,659
NET ASSET	**29,867**
Capital and reserves	
Share capital	6,038
Reserves	23,829
TOTAL EQUITY	**29,867**

Inventories

Inventories of Holvrieka Group of €11.4 million were mainly raw materials of stainless steel sourced from a few leading European stainless steel mills.

Trade receivables

As at 31 December 2008, there were trade receivables of €17.1 million and 63.5% of which were not yet due. Holvrieka Group normally grants a credit period of 30-60 days to customers.

Deposits, other receivables and prepayments

Amongst the deposits, other receivables and prepayments of €15.6 million, there was gross amount due from customers of €14.5 million. The gross amount due from customers was mainly related to the aggregate amounts of cost incurred plus recognised profits less recognised losses to date for contract works in relation to the installation of on-site projects. All deposits, other receivables and prepayments are expected to be recovered or recognised as expense within one year.

Trade payables, other payables and accrued expenses

Trade payables were all due within one year. 51.5% of the total trade payables balances of €5.2 million are due within one month. There were other payables and accrued expenses of €15.0 million which mainly were advance receipts for contract work amounting to €10.0 million.

Amount due from/to related parties

The €14.2 million due from related parties mainly represented borrowings to related parties of €11.5 million. Such borrowings are charged at an annual interest rate of 5.73% and were repayable within one year.

Amount due to related parties mainly represented long-term related party loans to Holvrieka Group which were repayable on semi-annual installment until 2012 at an annual interest rate between 5.25% to 5.5%. There was also a loan balance of €6 million from Burg Industries which was due within one year with interest rate of 5.25% per annum. The borrowing was secured with a second pledge over Holvrieka Group's inventories, trade receivables, property, plant and equipment and gross amount due from customers from contract work. In the opinion of the directors of Holvrieka Group, all borrowings to/from related parties will be fully recovered or settled prior to the date of completion of the Proposed Transactions.

Cash and bank borrowings

As at 31 December 2008, Holvrieka Group had cash and cash equivalents of €6.3 million, and bank overdraft of €2.0 million. The bank overdrafts of Holvrieka Group were repayable on demand and were charged at annual interests rate between 3.6% and 7.6%.

There were interest bearing bank loans of €4.0 million. Such borrowing formed part of the €98 million secured credit arrangement between CIMC Burg and two banks. The loans were repayable in 2012 and charged at an interest rate of 5.38% per annum. The bank borrowings imposed financial covenants on CIMC Burg and pledged on certain Holvrieka Group's asset. It is intended that CIMC Burg will restructure the aforesaid loans and the relevant financial covenants and asset pledges on Holvrieka Group will be released prior to completion of the Proposed Transactions. As at 31 December

2008, CIMC Burg Group breached the covenant requirements related to capital expenditure, cash flow cover ratio and the net debt to EBITDA. Accordingly, the entire amount of the original non-current portion of drawn down facilities totaling €4.0 million is reclassified as bank loans and overdrafts under current liabilities as at 31 December 2008. To the best knowledge of the directors of Holvrieka Group after having made all reasonable enquiries, the lenders had not demanded the repayment of the drawn down facilities as at Latest Practicable Date. The sale and purchase of the entire issued share capital of Target Co Europe is conditional upon the restructuring of the above secured credit arrangement to the satisfaction of the Company with an objective to restrict all liabilities and guarantees of the credit facility to CIMC Burg and its other subsidiaries which do not constitute part of Target Group Europe. As such, upon completion of the Proposed Transactions, Target Group Europe would have been released from all the asset pledges and guarantees under the aforesaid credit facilities available to CIMC Burg.

Commitment and contingencies

Besides the pledged asset as discussed under the above sub-paragraph headed "Cash and bank borrowings" as at 31 December 2008, Holvrieka Group has provided guarantees to financial institutions in respect of construction contract payments, warranties and retentions of €18.9 million. According to the related agreement, Holvrieka Group's third party customers made payment relating to construction contract payments, warranties and retentions to Holvrieka Group. If Holvrieka Group was unable to fulfill its obligations during the course of construction contract projects, the customers would request repayment of the above-mentioned payments from the financial institutions which in turn would require Holvrieka Group to reimburse such repayments. To the best knowledge of the directors of Holvrieka Group, no customers have requested repayments from the financial institutions as at the Latest Practicable Date.

Holvrieka Group together with all the Dutch affiliated companies (except Burgers Carrosserie BV) under Burg Industries B.V. formed a fiscal unity and filing only one income tax return for the whole group other than individual entity's returns and are jointly and severally liable for the obligation of tax payment.

As set out in the accountants' report on Holvrieka Group in Appendix II to the Circular, the maximum liability of Holvrieka Group as at 31 December 2008 under the guarantees issued is the outstanding amount of the loans and borrowings drawn down by CIMC Burg and its subsidiaries totaling €71,894,000. As at the Latest Practicable Date, the directors of Holvrieka Group do not consider it probable that a claim will be made against the Holvrieka Group under any guarantees, the above-mentioned group credit facilities or fiscal unity taxation arrangement. As discussed above under the sub-paragraph headed "Cash and bank borrowings", the sale and purchase of the entire issued share capital of Target Co Europe is conditional upon the restructuring of the credit facility obtained by CIMC Burg and its subsidiaries to the satisfaction of the Company. Holvrieka Group will be discharged from all of the above mentioned commitment and contingencies which were provided to related parties.

(c) 2009 first quarter performance of Target Group China and Holvrieka Group

The products of Target Group China are widely used for the transportation and storage of industrial gas and chemicals. The business performance and profitability of Target Group China has consequently been adversely impacted in the first quarter of 2009 as a result of the global economic turmoil affecting the global chemical industry. The performance of Nantong CIMC, the largest manufacturer of tank containers in the world in terms of production volume in 2007, and Zhangjiagang CIMC, a leading provider of cryogenic equipment in the PRC, have been severely hit amid the worldwide economic recession. In particular, as a result of lower customer demand, the volume of transportation equipment sold by Nantong Group decreased by approximately 70% in the first quarter of 2009 compared with the first quarter of 2008, while average selling prices of these standardised transportation equipment remained relatively stable. In addition, in the first quarter of 2009, overall cost also decreased, but its level of reduction was significantly less than the decrease in turnover, due to the fixed nature of certain costs.

The business performance and profitability of Holvrieka Group in the first quarter of 2009 has also been adversely impacted. In particular, the average sales price per tank has decreased by approximately 35% in the first quarter of 2009 compared with the first quarter of 2008, while total number of tanks sold remained relatively stable. The main reason for the drop in average sales price per tank was due to the decrease in cost of production caused by the decrease in raw material costs, such as steel and nickel, which has helped offset the drop in sales prices. The operating costs not directly related to production also decreased in the first quarter of 2009 compared with the first quarter of 2008, although at a smaller rate than the reduction in turnover, due to the fixed nature of certain costs.

Target Group China and Holvrieka Group have strong historical financial results and good quality of assets. Their businesses enjoy a leading market position, top tier global customer base, advanced technologies, strong production capacity, well-recognised product quality and experienced management. Target Group China and Holvrieka Group are well positioned in the growing energy, chemical and liquid food industries in the PRC and the world. On this basis, the Directors remain confident in the long-term prospects of Target Group China and Holvrieka Group. The Directors believe that the performance of Target Group China and Holvrieka Group will improve as the global economy begins to recover.

For the indebtedness position of the Target Group as at 31 March 2009, please refer to their respective indebtedness statements under the "Financial information of the Target Group" section in the Circular.

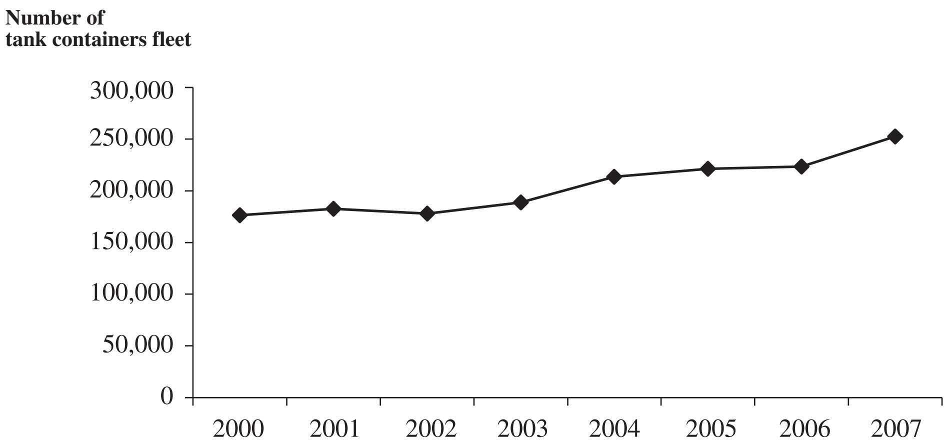
(d) Information on CIMC

CIMC is a joint stock limited company established under the laws of the PRC on 30 September 1992. The ordinary shares of CIMC are listed on the Shenzhen Stock Exchange. Since its establishment, CIMC has been engaged in the manufacturing and sales of containers, road transportation vehicles, energy and chemical and liquid food equipment, as well as air and sea transportation equipment, through its various direct and indirect subsidiaries, including the Company, Nantong CIMC and Zhangjiagang CIMC. CIMC is currently the leading tank containers manufacturer in PRC.

III. Strategic nature of the Proposed Transactions

(i) Demand of tank containers

Tank containers are pressure vessels constructed mainly from stainless steel designed for transporting internationally traded liquids, industrial gases and powders. Tank containers are widely used for transportation of highly aggressive and toxic chemicals and liquid food and beverages which have high purity requirements. Tank containers are one of the fixtures installed on tank container fleet. As shown in the chart below, the aggregate number of tank containers fleet in operation increased substantially by 43.2% from 176,282 units in 2000 to 252,465 in 2007.

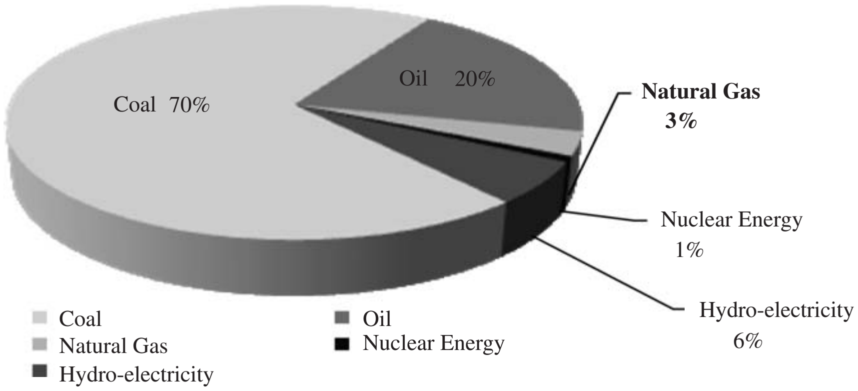


Source : Hazardous Cargo Bulletin

(ii) Prospects of the PRC energy industry

China's consumption of primary energy has surged by 92.6% from approximately 967.3 Mtoe in 2000 to 1,863.4 Mtoe in 2007. China is the second largest energy producer and consumer in the world. The PRC government has adopted a series of policies to encourage the use of natural gas for commercial, industrial, residential and vehicular purposes. As illustrated in the chart below, natural gas consumption in the overall energy consumption mix was relatively low in China and accounted for only 3.3% in 2007. In the eleventh "Five-year plan", the PRC government emphasised rapid development of clean energy and tightened controls on air pollution to protect the ecosystem. The PRC government's recognition of the importance of environmental protection signifies huge development potential in the clean energy market like natural gas and LPG. The PRC government aims to increase natural gas consumption from approximately 4.7% of the overall energy consumption mix in 2005 to 5.3% in 2010.

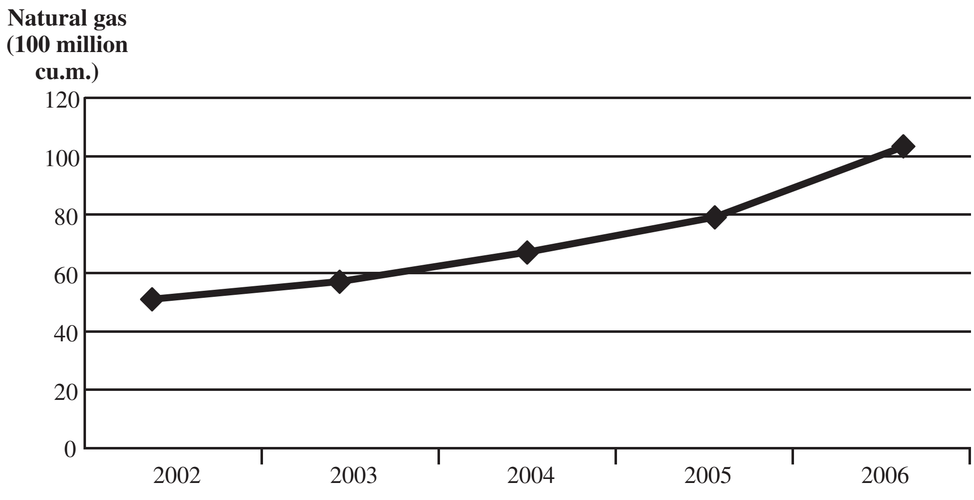
Primary Energy Consumption in China in 2007



Source: IEA

With the support of the PRC government and its substantial investment in the construction of gas pipelines and LNG import terminals and port infrastructure, including the completion of construction of a 4,000km-long "West-to-East Pipeline" in 2004 and the commencement of operation of China's first LNG import terminal in Guangdong in 2006, consumption of natural gas in China is on an upward trend as reflected in the chart below.

Average annual energy consumption of natural gas for households in PRC



Source: the National Bureau of Statistics of China

(iii) Outlook for the chemical industry

The chemical industry comprises a large spectrum of products used in different sectors of the economy including agriculture, automobile, industrials, pharmaceuticals, as well as other consumer products.

Global chemical industry

The global chemical industry accounts for a large portion of the global GDP. According to the Association of the German Chemicals Industry, turnover of the world's chemical industry has an average annual growth rate of approximately 4.9% since 1997 and reached approximately €2.3 trillion in 2007. It is anticipated that the global chemical industry is estimated to grow at no more than 4.5% per annum up till 2020 amid the global economic downturn.

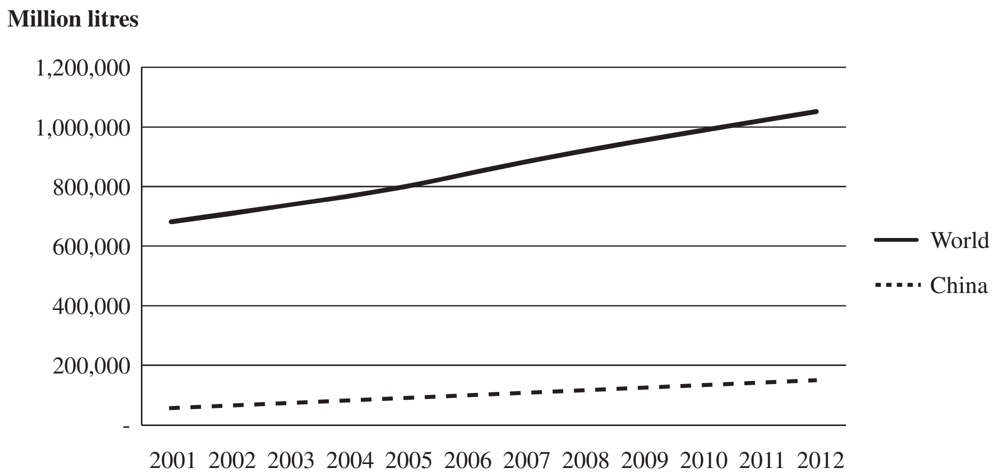
PRC chemical industry

The strong momentum of economic development in China in the past decades had created huge demand for chemical originates from industries such as construction, automobiles, electrical engineering and textile which boosted the development of PRC chemical industry. According to the Association of the German Chemicals Industry, China ranked second to United States in the chemical industry in 2007 in terms of turnover and recorded an annual growth rate of approximately 15% for 2007. It is also anticipated that PRC chemical industry will grow at a rate of 13% per annum up to 2020 and will become the world's largest producer of chemical products by 2015.

(iv) Potential of the liquid food industry

The liquid food market comprises soft drinks, alcoholic drinks, milk, sauces and soup. The following chart illustrates the total consumption of the liquid food in China and the world.

Total consumption of liquid food



Source: Euromonitor International

Global liquid food industry

In recent years, global liquid food industry in developed countries is approaching maturity. Such an industry is an indicator of economic growth and driven by the rapid urbanisation in emerging markets such as China and India. As shown in the chart above, the world's annual consumption of liquid food grew at a CAGR of approximately 4.4% between 2001 and 2007 and such growth is expected to sustain in the coming years and will reach 1,052.1 billion litres by 2012.

China liquid food industry

According to the National Bureau of Statistics of China, China's GDP grew at a CAGR of approximately 12.2% from RMB7,897.3 billion in 1997 to RMB24,953.0 billion in 2007. Consumer purchasing power is enhanced under the strong economic growth which lifts the total consumption of liquid food in China. As shown in the chart above, total annual consumption of liquid food in China grew at a CAGR of approximately 11.6% during the period between 2001 and 2007 and expected to reach 149.6 billion litres by 2012.

IV. Evaluation of the consideration

In light of the current market conditions and economic environment, the parties have entered into the China Supplemental Agreement and the European Supplemental Agreement on 20 April 2009 to amend the terms of the Acquisition Agreements dated 2 September 2008. The considerations for the sales and purchase of the entire issued share capital of Target Co China and Target Co Europe have been amended as set out in the table below.

	Original consideration	Amended consideration
Target Co China	HK$6,279,434,048	HK$2,683,704,291
Target Co Europe	HK$2,780,165,955	HK$1,558,576,275

The consideration for the acquisition of Target Group China and Target Group Europe has been arrived at after arms' length negotiations between the parties having regard to the financial and operational track record of the Target Group, the industry prospects in which the Target Group operates, the rationale for the acquisition and the benefits to the Group following the acquisition. The consideration for the Proposed Transactions will be satisfied entirely by the allotment and issue of the New Ordinary Shares and New Convertible Preference Shares at a revised issue price of HK$3 per share under the Supplemental Agreements, reduced from the original price of HK$4.49 per share.

(a) Comparison of the consideration with earnings

The consideration of HK$2,683.7 million for the acquisition of Target Group China represents a price-earning ("P/E") ratio of approximately 6.95 times when compared to the audited net profit of Target Group China of approximately RMB337.4 million (equivalent to approximately HK$385.8 million) for the year ended 31 December 2008.

The consideration of HK$1,558.6 million for the acquisition of Target Group Europe represents a P/E ratio of approximately 16.01 times when compared to the audited net profit of Target Group Europe of approximately €9.6 million (equivalent to approximately HK$97.4 million) for the year ended 31 December 2008.

(b) Comparison with net assets

Pursuant to the Acquisition Agreements, the Company will acquire the entire equity of Target Group China and Target Group Europe. Based on Target Group China's audited financial statements for the year ended 31 December 2008, Target Group China's audited net asset value as at 31 December 2008 was approximately RMB988.0 million (equivalent to approximately HK$1,129.8 million). The property interests of Target Group China including land use rights were revalued by an independent professional valuer as at 30 April 2009. As set out in the section headed "Financial information of the Target Group" and the property valuation report of the Restructured Group in Appendix VI to the Circular, there was a revaluation surplus of RMB161.4 million over the book value of the property interests of Target Group China as at 31 December 2008. Under the Supplemental Agreements, completion of the Proposed Transactions is subject to an additional condition precedent that the RMB130 million due from Target Group China to CIMC Vehicle Group as at 31 December 2008 has to be waived in full by CIMC Vehicle Group or its assigns. Such a waiver would give rise to a tax liability of RMB16.25 million for Target Group China. Accordingly, the consideration for the acquisition of Target Group China reflects a premium of approximately HK$1,243.7 million or 86.4% over Target Group China's adjusted net asset value as shown in the table below:

	(Million)
Audited net asset value of Target Group China as at 31 December 2008	**RMB988.0**
Less: Book value of properties of Target Group China as at 31 December 2008	(RMB239.4)
Add back: (i) Appraised value of properties of Target Group China as at 30 April 2009	RMB400.8
(ii) Amount due to CIMC Vehicle Group to be waived	RMB130.0
Less: Tax liability on waiver of amount due to CIMC Vehicle Group	(RMB16.25)
Adjusted value	**RMB1,263.15**
Equivalent to HK$	HK$1,439.99
Less: Consideration for the acquisition of Target Group China	(HK$2,683.7)
Premium over adjusted net asset value of Target Group China	**HK$1,243.7 (or approximately 86.4%)**

The property interests of Holvrieka Group including land use rights were revalued by an independent professional property valuer as at 30 April 2009. As set out in the section headed "Financial information of the Target Group" and the property valuation report of the Restructured Group in Appendix VI to the Circular, there was a revaluation surplus of €7.8 million over the book value of the property interests of Holvrieka Group as at 31 December 2008.

The consideration for the acquisition of Target Group Europe reflects a premium of approximately HK$1,176.2 million or 307.6% over Target Group Europe's adjusted net asset value of €37.7 million (equivalent to approximately HK$382.4 million) as shown in the table below.

	(Million)
Audited net asset value of Target Group Europe as at 31 December 2008	**€29.9**
Less: Book value of properties of Target Group Europe as at 31 December 2008	(€2.5)
Add back: Appraised value of properties of Target Group Europe as at 30 April 2009	€10.3
Adjusted value	€37.7
Equivalent to HK$	HK$382.4
Less: Consideration for the acquisition of Target Group Europe	(HK$1,558.6)
Premium over adjusted net asset value of Target Group Europe	**HK$1,176.2 (or approximately 307.6%)**

If all the properties currently owned by the Group and the Target Group in the PRC were sold, the potential tax liabilities which might be incurred are estimated to be approximately RMB41.4 million (equivalent to approximately HK$47.3 million). If all the properties currently owned by the Target Group in the Netherlands, Belgium and Denmark were sold, the potential tax liabilities which might be incurred are estimated to be approximately €2.2 million (equivalent to approximately HK$22.3 million). The Group and the Target Group have no intention at this time to sell any of its properties in the PRC, the Netherlands, Belgium and Denmark and all such properties are used for their own business operation and not for investment or sale. It is unlikely that the aforesaid tax liabilities will crystallise in the near future and the potential tax liabilities are therefore not included in our assessment of the adjusted net asset value of the Target Group.

(c) Comparison against market comparables

For the purpose of assessing the consideration for the Proposed Transactions, we have reviewed and compared the P/E ratio and price to book (P/B) ratio of all other companies principally engaged in the transportation, storage and processing equipment business and listed in Asia and Europe which are therefore in geographic proximity to the Target Group. We have identified seven listed companies with market capitalisation of over US$50 million from Bloomberg as at the Latest Practicable Date (the "Comparable Companies"), which we consider comparable to the Target Group.

Details of the Comparable Companies are summarised in the table below:

Company	**Stock Exchange**	**Market Capitalisation (Note 1)**	**Current P/E multiple (Note 2)**	**30-days average P/E multiple (Note 3)**	**P/B multiple (Note 4)**
		HK$ million	**Times**	**Times**	**Times**
	Asia				
KNM Group Berhad	Kuala Lumpur Stock Exchange	7,942	10.17	4.64	1.95
Toyo Kanetsu K.K.	Tokyo Stock Exchange	1,998	7.74	6.96	0.80
NK Co., Ltd.	Korea Stock Exchange	2,334	31.0	16.84	2.70
Daekyung Machinery & Engineering Co., Ltd.	Korea Stock Exchange	1,220	14.81	9.59	3.66
The Company	Hong Kong Stock Exchange	1,753	11.40	6.80	1.97
Average for companies listed in Asia			**15.03**	**8.97**	**2.21**
Target Group China at the acquisition consideration		**2,684**	**6.95**	**6.95**	**1.86 (Note 5)**
	Europe				
JSC Cryogenmash	Russian Trading System Stock Exchange	604	30.30	30.30	3.0
Energomontaz-Polnoc S.A.	Warsaw Stock Exchange	699	12.12	9.41	1.89
Average for companies listed in Europe			**21.21**	**19.86**	**2.45**
Target Group Europe at the acquisition consideration		**1,559**	**16.01**	**16.01**	**4.08 (Note 6)**

Source: Bloomberg

Notes :

1. *Market capitalisation of the companies as at the Latest Practicable Date quoted by Bloomberg and translated into HK$ at the prevailing exchange rates.*

2. *Calculated based on the closing prices of the companies as at the Latest Practicable Date and the audited profits for the most recent financial year.*

3. *Calculated based on the average closing prices of the companies over the 30-day before 20 April 2009, being the date of the Supplemental Agreements and the audited profit for the most recent financial year.*

4. *Calculated based on the closing prices of the companies as at the Latest Practicable Date and the latest audited book value.*

5. *The adjusted book value of Target Group China after adding back (i) the cash advance of RMB130 million to Target Group China by CIMC Vehicle Group, which will be waived in full by CIMC Vehicle Group as a condition precedent to the Proposed Transactions and deducting the corresponding tax liability of RMB16.25 million; and (ii) the revaluation surplus of RMB161.4 million on the property interests of Target Group China as at 30 April 2009.*

6. *The adjusted book value of Target Group Europe after adding back the revaluation surplus of €7.8 million on the property interests of Target Group Europe as at 30 April 2009.*

The global stock market has been volatile during most of the time following the collapse of several major US and European banks since September 2008 and remains fragile under the financial tsunami. Following the release of the Announcement on 10 September 2008 and up to 2 March 2009, the Hang Seng China Enterprise Index ("HSCE Index") swung widely and was down by about 40%. The share price performance of all the Comparable Companies largely followed suit. In light of the current market conditions and economic environment, the parties to the Proposed Transactions in April 2009 adjusted the consideration down by about 53.2% from the original consideration of HK$9,059.6 million agreed in September 2008 to HK$4,242.3 million. In addition, RMB130 million due from Target Group China will be waived in full by CIMC Vehicle (Group) Co. Ltd., as a condition precedent to the Proposed Transactions.

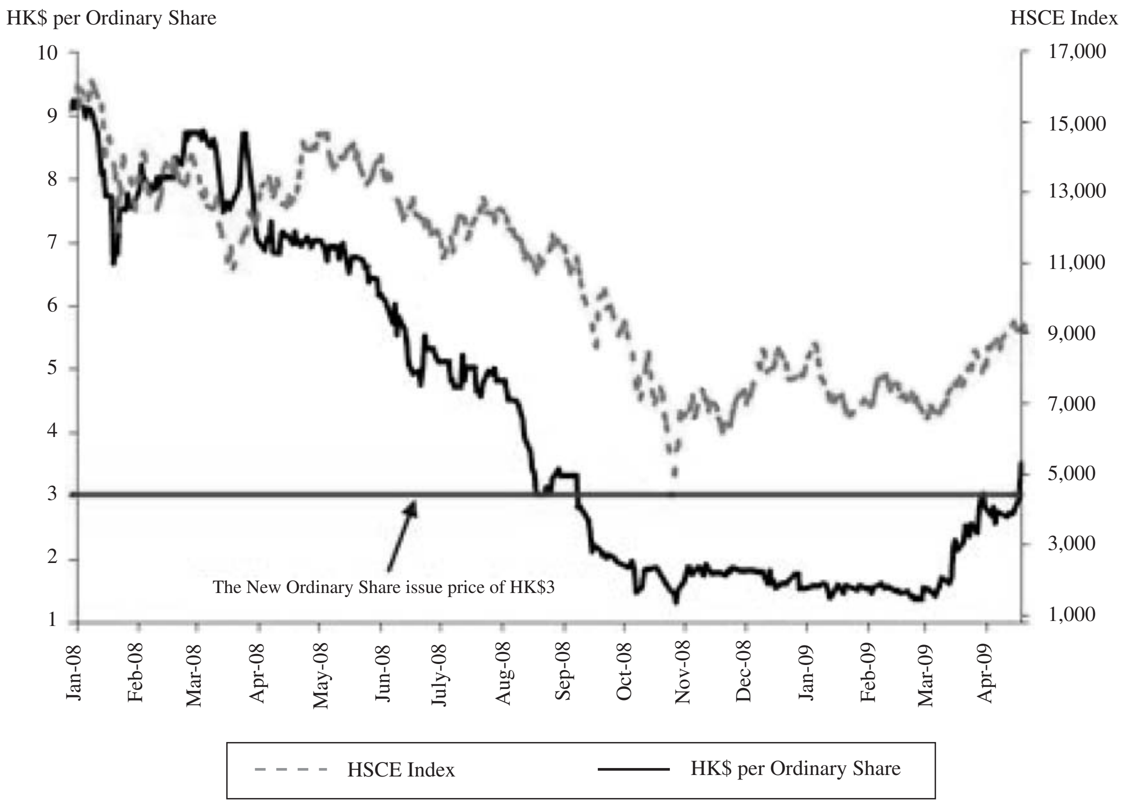
Comparing the P/E ratios of all the Comparable Companies, the P/E ratio of the consideration for the acquisition of Target Group Europe and the acquisition of Target Group China of 16.01 times and 6.95 times respectively are below the respective average P/E ratio of 21.21 times amongst its European peers and 15.03 times amongst its Asian peers based on the closing prices as at the Latest Practicable Date. Consideration for the acquisition of both Target Group Europe and Target Group China fall within the observed range of the Comparable Companies. Holvrieka Group experienced a CAGR in turnover and net profit of approximately 21.7% and 134.2% respectively between 2006 to 2008. Target Group China achieved a CAGR in turnover and net profit of approximately 36.2% and 9.4% respectively between 2006 to 2008.

Acquisitions of the Target Group provides the Group with an immediate and reliable source of revenue and gives the Group an opportunity to participate in the European market and further expand its business in the PRC. Taking into account the historical growth in sales and profitability and intangible factors like the leading market position of the Target Group and the strategic benefits of the Proposed Transactions, we are of the view that, the consideration for the Proposed Transactions, whose P/E ratio are in line with that of the Comparable Companies, fair and reasonable.

The P/B ratio represented by the consideration payable for Target Group China is lower than the average of other Asian Comparable Companies. The P/B ratio represented by the consideration payable for Target Group Europe is higher than the P/B ratios of the European Comparable Companies and represents a significant premium to the underlying assets of Target Group Europe. However, we do not regard the net asset backing as particularly significant factor in assessing the worth of a company in a non-asset based industry and in our view better assessed by reference to earnings and growth prospects as discussed above.

(d) Share price performance and comparison with issue price of the Consideration Shares

The following chart shows the movement of the closing price for the Ordinary Shares during the period from 1 January 2008 up to and including the Latest Practicable Date (the "Review Period") relative to the movement in HSCE Index:



Source : Bloomberg

During the Review Period, the Ordinary Shares fell sharply from a high of HK$9.21 at the beginning of 2008 to a low of HK$1.30 on 30 October 2008 with an average price of HK$4.27. The price of the Ordinary Share plunged 64.2% from HK$9.21 at the start of the Review Period to HK$3.30 on 2 September 2008, being the last trading day of the Ordinary Shares before the release of the Announcement, while the HSCE Index was down 28.4% over the same period.

The price of the Ordinary Shares dropped by 27.8% from HK$9.21 on 2 January 2008 to HK$6.65 on 22 January 2008, in line with the HSCE Index which plunged 25.6% from 16,006.8 to 11,911.9. Since then, the Ordinary Shares picked up to HK$8.68 on 28 March 2008, outperforming the HSCE Index. The market price fell by 10.1% to HK$7.46 on 17 March 2008 from HK$8.30 on 14 March 2008 despite the release of results showing the Company's 23% growth in profit for the year ended 31 December 2007 on the same date. Following the publication of profit warning in view of a significant decline in profit for the first half of 2008 on 8 August 2008, the Share price dropped slightly by 0.4% to HK$4.48.

After releasing the Announcement on 10 September 2008, the worldwide financial tsunami occurred following the bankruptcy of Lehman Brothers and the collapse of AIG Group in the United States. Major banks in the United States and Europe went into an unprecedented financial crisis. The global markets remained shaky despite the US government's US$700 billion bailout plan. The HSCE Index dropped by 52.4% from 10,491.4 on 10 September 2008 to a low of 4,990.1 on 27 October 2008. During the same period, the HSCE Index plunged by 52.4% and the price of the Ordinary Shares dived by 54.5% from HK$3.30 to HK$1.50.

The rescue plans including provision of credit guarantees and capital injection offers to the major commercial banks announced by the European governments including Britain, France and Germany stimulated rebound in the global stock markets. The HSCE Index surged 70.1% from 4,990.1 on 27 October 2008 to 8,486.45 on 11 December 2008. During the same period, the price of the Ordinary Shares rose by 19.3% from HK$1.50 to HK$1.79.

The Company published the Further Delay Announcement on 12 December 2008, announcing among other things, the extension of Long Stop Date of the Acquisition Agreements from 2 March 2009 to 2 September 2009 having considered the fact that the Executive has indicated that it is not prepared to grant the Whitewash Waiver, which is one of the conditions precedents to the Acquisition Agreements before 21 April 2009, ie. six months from the last day that the CIMC Concert Party Group purchased the Ordinary Shares on the market. The price of the Ordinary Shares dropped by 10.6% from HK$1.79 on 9 December 2008, being the last trading day immediately prior to the release of the Further Delay Announcement, to HK$1.60 on 15 December 2008.

On 20 March 2009, the Company announced its annual results for the financial year ended 31 December 2008 with a growth of 31.5% and 13.06% in its turnover and net profit after tax, respectively, when compared to 2007. The price of the Ordinary Shares rose by 6.1% from HK$2.12 to HK$2.25 on 23 March 2009 and further increased to HK$2.95 on 20 April 2009.

Following the publication of the Supplemental Announcement in relation to, among other things, the revision in terms of the Proposed Transactions on 20 April 2009, the Ordinary Share price rose by 18.3% to HK$3.49. During the period from 20 April 2009 and up to the Latest Practicable Date, the Ordinary Shares closed between HK$2.95 and HK$4.28 at an average of HK$3.91. The Ordinary Shares closed at 3.82 on the Latest Practicable Date, representing a 29.5% increase when compared to 20 April 2009.

The issue price of HK$3 per New Ordinary Shares and the New Convertible Preference Shares represents:

(i) a premium of approximately 10.7% over the closing price of the Ordinary Shares on the Stock Exchange of HK$2.71 on 17 April 2009, being the last trading day immediately prior to the date of Supplemental Announcement on 20 April 2009;

(ii) a premium of approximately 9.9% over the average closing price of the Ordinary Shares of approximately HK$2.73 for the 10 full trading days up to and including 17 April 2009;

(iii) a premium of approximately 31.6% over the average closing price of the Ordinary Shares of approximately HK$2.28 for the 30 full trading days up to and including 17 April 2009;

(iv) a discount of approximately 21.5% to the closing price of the Ordinary Shares of HK$3.82 as at the Latest Practicable Date; and

(v) a premium of approximately 54.6% over the audited consolidated net assets of the Group of approximately HK$1.94 per Ordinary Share as at 31 December 2008.

As confirmed by the Board, the issue price of HK$3 per Consideration Share was determined with reference to the market price of the Ordinary Share. Over the 30-day period before 20 April 2009, being the date of the Supplemental Agreements, the Ordinary Share has an average closing price of HK$2.28.

From the chart shown above, the closing price of the Ordinary Shares was below the issue price of the Consideration Shares of HK$3 during the period from 11 September 2008 (the first trading day after the publication of the Announcement on 10 September 2008) to 20 April 2009, being the date of the Supplemental Announcement. Although the issue price of the Consideration Shares represents a discount to the most recent market prices after publication of the Supplemental Announcement, the upward trend in the market prices of the Ordinary Shares is partly indicative of the market's expectation on the synergy that may be brought to the Group after the Proposed Transactions.

(e) Analysis of trading volume

The following table sets out the monthly trading volume of the Ordinary Shares on the Stock Exchange as compared to the issued share capital of the Company and the Company's public float for the period commencing from 1 January 2008 to 31 May 2009:

	Monthly trading volume	Monthly trading volume to public float	Monthly trading volume to issued shares capital
	Number of Shares	% (Note 1)	% (Note 2)
2008			
January	10,730,000	4.0	2.34
February	5,847,500	2.18	1.27
March	4,939,295	1.84	1.08
April	4,828,000	1.80	1.05
May	846,000	0.32	0.18
June	1,684,000	0.63	0.37
July	3,212,000	1.20	0.70
August	2,436,329	0.91	0.53
September	8,205,976	3.06	1.79
October	14,430,000	5.39	3.14
November	7,321,000	2.73	1.59
December	2,676,000	1.0	0.58
2009			
January	4,354,000	1.63	0.95
February	8,874,000	3.31	1.93
March	6,094,400	2.28	1.33
April	22,003,900	8.22	4.79
May	10,790,193	4.03	2.35
Average	**7,016,035**	**2.62**	**1.53**

Source: Bloomberg

Notes:

1. *Based on the number of total issued Ordinary Shares held by public Shareholders at the end of each corresponding month.*

2. *Based on the number of total issued Ordinary Shares at the end of each corresponding month.*

As reflected in the above table, the Shares were thinly traded with an average monthly trading volume of 7,016,035 Shares, representing approximately 2.62% and 1.53% of the number of Ordinary Shares in public hands and the total number of issued Ordinary Shares respectively. The trading volumes of the Ordinary Shares increased significantly in September 2008 after the release of the Announcement, rising from 0.91% of the Company's public float in August 2008 to 3.06% in September 2008 and further increased to 5.39% in October 2008. Throughout the period from November 2008 to March 2009, the Ordinary Shares have been generally trading in thin volumes with monthly trading volume representing 1.0% to 3.31% of the Company's public float. The trading volumes of the Shares increased significantly again in April 2009 after the release of the Supplemental Announcement, rising from 2.28% in March 2009 to 8.22% in April 2009. After the significant increase in April 2009, the trading volumes of the Shares dropped to 4.03% in May 2009.

V. The New Convertible Preference Shares

An aggregate of 1,015,641,321 New Convertible Preference Shares will be issued upon completion of the Proposed Transactions as partial satisfaction of the consideration of the Proposed Transactions. Each New Convertible Preference Shares will carry the right to convert into one Ordinary Share. The 1,015,641,321 underlying Ordinary Shares representing approximately 221.27% of the existing issued share capital of the Company and approximately 54.22% of the issued share capital of the Company as enlarged by the allotment and issue of the New Ordinary Shares and such underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares.

Holders of the New Convertible Preference Shares will be entitled to participate pari passu in any dividends payable to the holders of the Ordinary Shares on a pro rata as-if-converted basis, but will rank in priority to the Ordinary Shares as to a return of capital on a winding up or otherwise. Holders of the New Convertible Preference Shares will not be entitled to request the Company to redeem any New Convertible Preference Share.

The New Convertible Preference Shares are freely transferable. However, the holders of the New Convertible Preference Shares cannot exercise the conversion rights if, upon conversion, the percentage of the Ordinary Shares held by the public will fall below the minimum public float requirement under the Listing Rules.

VI. Method of payment and dilution of Independent Shareholders' holdings

The consideration for the Proposed Transactions will be satisfied entirely by the allotment and issue of the New Ordinary Shares and New Convertible Preference Shares. This is favourable to the Company in that it enables the Group to make an acquisition of a very significant business without a large outlay of cash, but involves the issue of a substantial number of New Ordinary Shares and New Convertible Preference Shares with consequent dilution to the Independent Shareholders. Such dilution to Independent Shareholders could be avoided if a rights issue or an open offer is conducted to raise capital for the Proposed Transactions. However, having considered the thin trading volume and the size of the offer needed to fully settle the consideration for the Proposed Transactions, it is unlikely that arm's length underwriters and Independent Shareholders would be attracted to participate in a rights issue or an open offer on the same terms as the New Ordinary Shares and New Convertible Preference Shares.

The following table illustrates the Company's shareholding changes as a result of the Proposed Transactions:

	As at the Latest Practicable Date (Note 1)		**Immediately after completion of the Proposed Transactions but before conversion of any of the New Convertible Preference Shares**		**Immediately after completion of the Proposed and conversion of the New Convertible Preference Shares with a minimum public float of 25%**		**Immediately after full conversion of the New Convertible Preference Shares (This scenario will never happen and this column is set out for illustration purpose only)**	
	Number of Ordinary Shares held	**Approximate percentage of total issued Ordinary Shares**	**Number of Ordinary Shares held**	**Approximate percentage of total issued Ordinary Shares**	**Number of Ordinary Shares held**	**Approximate percentage of total issued Ordinary Shares**	**Number of Ordinary Shares held**	**Approximate percentage of total issued Ordinary Shares**
Charm Wise	190,703,000	41.55%	190,703,000	22.24%	190,703,000	17.80%	190,703,000	10.18%
CIMC HK	—	—	254,405,490	29.67%	468,301,289	43.71%	1,131,632,645	60.42%
CIMC Vehicle	—	—	40,141,626	4.68%	40,141,626	3.75%	178,555,792	9.53%
PGM	—	—	103,905,085	12.12%	103,905,085	9.70%	103,905,085	5.55%
Mr. Zhao Qingsheng (**Note 2**)	214,000	0.05%	214,000	0.02%	214,000	0.02%	214,000	0.01%
The CIMC Concert Party Group	**190,917,000**	**41.60%**	**589,369,201**	**68.73%**	**803,265,000**	**74.98%**	**1,605,010,522**	**85.69%**
Mr. Jin Yongsheng (**Note 3**)	246,000	0.05%	246,000	0.03%	246,000	0.02%	246,000	0.01%
Public	267,837,000	58.35%	267,837,000	31.24%	267,837,000	25.0%	267,837,000	14.30%
Total	**459,000,000**	**100%**	**857,452,201**	**100%**	**1,071,348,000**	**100%**	**1,873,093,522**	**100%**

Notes:

1. *Based on the existing shareholding structure as at the Latest Practicable Date.*

2. *An executive Director and the Chairman of the Company*

3. *An executive Director and the Chief Executive Officer of the Company*

The interest of the existing Independent Shareholders will be diluted from approximately 58.35% to approximately 31.24% upon issue of the New Ordinary Shares but before conversion of any of the 213,895,799 New Convertible Preference Shares. As the full conversion of the New Convertible Preference Shares will bring the Company's public float down to 14.30% and the Company would fail to meet the minimum public float requirement of the Listing Rules, CIMC HK and CIMC Vehicle have undertaken to the Company that they will only exercise the conversion rights as to such number of New Convertible Preference Shares if, upon conversion, the percentage of the Ordinary Shares held by the public will still meet the minimum public float requirement of the Listing Rules of 25%. We consider the level of dilution to the existing Independent Shareholders significant. However, given the proven track record and the historical growth in profitability of the Target Group, the Independent Shareholders will be able to participate in a much larger business with significantly greater revenue base, improved earnings capability and growth prospects. On this basis, we consider the dilution effect to the Independent Shareholders acceptable.

Various members of CIMC Group have given undertakings to the Stock Exchange in connection with restrictions on disposal of Shares by controlling shareholders following a new listing, details are set out in the section headed "Relationship with the Controlling Shareholder" in the Circular.

VII. Risk factors

The Proposed Transactions will extend the business risk profile of the Group as set out under the "Risk factors" section of the Circular. The Independent Shareholders may wish to bear in mind the following risk factors when considering the Proposed Transactions:

(i) Regulatory consideration

After completion of the Proposed Transactions, the business of the Restructured Group will be subject to the regulations of new jurisdictions such as the regulations of the Netherlands, Denmark and Belgium which are members of the European Union. The European Union has implemented policies to regulate the standard on health and environmental quality. The performance of the Target Group business may be adversely affected by future changes in policies of the European Union in respect of the food industry, in particular, after the outbreak of the poisonous milk scandal in the PRC.

(ii) Fluctuation in the price of raw materials

The price of stainless steel being the major raw material of the Target Group, has fluctuated substantially from RMB31,527 per tonne in 2006 to RMB45,361 per tonne in 2007 and RMB44,005 per tonne in 2008. The Target Group did not engage in hedging transaction to hedge against the price movement of stainless steel. Since raw materials accounted for approximately 79.7%, 93.0% and 79.7% of the cost of sales of Holvrieka Group, Nantong Group and Zhangjiagang Group respectively, financial performance of the Target Group will be affected by the fluctuation of the price of raw materials.

(iii) Infringement of technology know-how

The success on the Target Group's business depends upon the proprietary technologies and designs applied in its production process. Such know-how are already made available to the public and not protected from using or copying by third parties. Any significant infringement on any such technology or design or the counterfeiting of any of the products of the Target Group would adversely affect its business performance.

(iv) Management continuity

The future success of the Target Group will depend on the continued services of key management and production personnel of the Target Group. As the operation of the Target Group differs from the Group and special skills are required within the production process, if key management and production personnel are unable or unwilling to continue his/her service, the Target Group may not be able to seek a replacement easily and in a timely manner. The loss of the services of any of the key management personnel or the failure to find a suitable replacement might cause disruption to the business of the Target Group and could have an adverse impact upon its ability to manage or operate the business effectively.

(v) Global financial turmoil

The transportation, storage and processing equipment manufactured by the Target Group are used in the global energy, chemical and liquid food industries. Demand for the products of the Target Group depends on the condition and growth of those industries, which in turn depends on macro-economic conditions and other factors, such as interest rates, inflation, unemployment levels, demographic trends and consumer confidence.

The business performance and profitability of Target Group China has been adversely impacted in the first quarter of 2009 as a result of the global economic turmoil affecting the global chemical industry. The business performance and profitability of Holvrieka Group in the first quarter of 2009 has also been adversely impacted. Please refer to the paragraph headed "2009 first quarter performance of Target Group China and Holvrieka Group" for details. The general overall business activities have slowed down and may continue to slow down amid the global economic turmoil. If the prevailing economic situation continues or becomes more widespread, it could have a significant impact on the markets on which the Restructured Group operates. In such circumstances, the Restructured Group may face a material loss of revenue and its shareholder value may decline.

VIII. Financial effects

(i) Net assets

Upon completion of the Proposed Transactions, the Target Group would become wholly-owned subsidiaries of the Company and its assets and liabilities will be consolidated into the Group's account on a line by line basis. Merger accounting will be adopted for the Proposed Transactions, all assets and liabilities of the Target Group would be accounted for in the Group's account by making reference to net asset value as stated in the consolidated balance sheet of the Target Group.

As shown in the pro forma statement of assets and liabilities of the Restructured Group as set out in Appendix IV to the Circular, the net asset will be increased by approximately RMB1,386.6 million, being mainly the increase in share capital and share premium resulting from the issue of the Consideration Shares and the waiver of the amount due from Zhangjiagang CIMC to CIMC Vehicle (Group) Co., Ltd. amounting to RMB130 million and the reduction of a tax liability of RMB16.25 million arising for such a waiver. The net asset value per Ordinary Share will be decreased from RMB1.70 to RMB1.16 based on the net asset value as at 31 December 2008 after taking into account the full conversion of New Convertible Preference Shares. In view of the proven track record of the Target Group and the expected synergy to be achieved after the Proposed Transactions, we do not consider the reduction in net asset value per Ordinary Share to be a material adverse factor.

(ii) Gearing and working capital

Upon completion of the Proposed Transactions, the Restructured Group's equity base would be enlarged by the issuance of Consideration Shares. According to the pro forma statement of assets and liabilities of the Restructured Group as set out in Appendix IV to the Circular, the Group's net cash position would increase from RMB76.6 million to RMB106.6 million, which is expected to improve the Restructured Group's credit rating and its cost of borrowing.

According to the pro forma combined cash flow statement of the Restructured Group, there would be a turnaround of net cash outflow from operating activities of RMB0.1 million to net cash inflow of RMB536.9 million. Based on the consolidated cash flow statements of Target Group China and Holvrieka Group as set out in Appendix I and II to the Circular respectively, Target Group China and Holvrieka Group generated RMB469.5 million and RMB67.7 million of cash inflow from operating activities respectively. It is expected that the Target Group will have adequate liquidity and resources to meet its financial obligations and finance its operations independently from its own cash flow after completion of the Proposed Transaction. Since the consideration for the acquisitions is to be satisfied by the issue of Consideration Shares, it would have no material impact on the Group's working capital.

(iii) Profits and losses

The financial results of the Target Group will be consolidated into the accounts of the Group. In view of the profitable track record of the Target Group as set out in Appendix I and II to the Circular, the Proposed Transactions should bring a positive effect to the Restructured Group. However, it should be further noted that as a result of the issuance of the Consideration Shares, the earnings per share of the Group will increase from RMB0.293 per Share to RMB0.304 per share based on the audited net profit after tax for 2008 after taking into account the full conversion of New Convertible Preference Shares.

The aforesaid pro forma statement is prepared based on the historical financials of the Target Group. As the operation, location and jurisdiction of the Target Group business differ from that of the existing business of the Group, the Proposed Transactions involves business and other risks to which the Group is not currently exposed to, although the key management of the Target Group will remain in position after the completion of the Proposed Transactions, there is no assurance that under the Group's management, the performance of the Restructured Group thereafter would be similar to those historical figures as reported in the pro forma combined financial statements as set out in Appendix IV to the Circular.

IX. Whitewash Waiver

Immediately following the allotment and issue of the New Ordinary Shares to CIMC HK, CIMC Vehicle and PGM and assuming that there is no further issue of Ordinary Shares prior to the completion of the Proposed Transactions, the interests of the CIMC Concert Party Group in the Company will increase from approximately 41.60% to approximately 68.73% of the issued ordinary share capital of the Company immediately upon completion of the Proposed Transactions. The CIMC Concert Party Group are therefore obliged under Rule 26.1 of the Takeovers Code to make a general offer for all the issued shares of the Company that are not already owned or agreed to be acquired by the CIMC Concert Party Group. An application has been made to the Executive for the Whitewash Waiver and the Executive has indicated that it will grant to the CIMC Concert Party Group the Whitewash Waiver subject to the approval of the Independent Shareholders at the EGM by way of a poll.

Shareholders should note that after completion of the Proposed Transactions, the CIMC Concert Party Group will hold more than 50% of the issued ordinary share capital of the Company. As such, any further acquisition of interest in the Company by the CIMC Concert Party Group or any members of the concert group will not be subject to the obligation to make a general offer under the Takeovers Code.

As discussed in the section headed "The Proposed Transactions", the Proposed Transactions are conditional on, among other things, the approval of the Whitewash Waiver by the Independent Shareholders at the EGM. If the Whitewash Waiver is not approved, the Proposed Transactions will not proceed and no general offer obligation will be triggered. In the event the Proposed Transactions cannot proceed, the Group and the Shareholders will not be able to enjoy the benefits that would arise from the Proposed Transactions, in particular, the prospects of the Restructured Group as the world's leading energy equipment manufacturer and the enhancement in the Group's net assets and earnings capability as discussed above.

CONTINUING CONNECTED TRANSACTIONS

I. Background of and reasons for the Continuing Connected Transactions

Members of the Target Group have entered into various transactions and arrangements with CIMC Group which will continue from time to time after the completion of the Proposed Transactions. Upon completion of the Proposed Transactions, the Target Group will be wholly-owned by the Company. Burg Industries, being a wholly-owned subsidiary of CIMC Burg, which in turn beneficially owned as to 80% by CIMC indirectly through its wholly-owned subsidiaries and 20% by PGM, is also a member of CIMC Group. As members of CIMC Group (other than the Restructured Group) are and will continue to be connected persons (as defined in the Listing Rules) of the Company upon completion of the Proposed Transactions, the continuing transactions and arrangements between the Restructured Group and CIMC Group would constitute continuing connected transactions for the Company under the Listing Rules upon completion of the Proposed Transactions.

In the circumstances, various master agreements will be entered into between the Restructured Group and CIMC Group setting out the framework and general terms of the continuing connected transactions to be conducted for the three years ending 31 December 2011. Since the Board anticipates that the percentage ratios (other than the profit ratio) for four types of continuing connected transactions on an annual basis will not be less than 2.5%, such transactions therefore constitute non-exempt continuing connected transactions ("Continuing Connected Transactions") of the Company under Rule 14A.35 of the Listing Rules. The Directors consider that it is in the interest of the Company to seek from Independent Shareholders the approval of the Continuing Connected Transactions which will be conducted in the three financial years ending 31 December 2009, 2010 and 2011, subject to an annual maximum transaction value (the "Annual Caps") for each respective type of Continuing Connected Transactions.

II. Principal terms of the Continuing Connected Transactions

(a) Master Supply of Spare Parts Agreement and Holvrieka Master Supply of Spare Parts Agreement

Pursuant to the Master Supply of Spare Parts Agreement, CIMC Group and its associates shall supply vehicle chassis, vehicle platform, intelligent remote monitoring system and other spare parts to the Restructured Group. The price will be determined in accordance with (a) the state-prescribed prices as set out by the relevant laws, regulations and other governmental regulatory documents issued by the relevant authorities of the Chinese government; (b) where there is no state-prescribed price, then according to relevant market prices that is the price at which the same or comparable type of products are provided to Independent Third Parties; or (c) where there is no relevant market prices, then according to actual cost incurred in providing those product plus a fair and reasonable margin to be agreed between the parties.

Pursuant to the Holvrieka Master Supply of Spare Parts Agreement, Burg Industries Group and its associates shall supply vehicle chassis and other related spare parts to the Restructured Group. The price will be determined on an arms' length basis and comparable to the prevailing market rates or at rates similar to those offered by Burg Industries Group to Independent Third Parties.

(b) Master Sale of Products Agreement

Pursuant to the Master Sale of Products Agreement, the Restructured Group shall supply oil tanks, pressure cylinder tanks, ISO tanks, storage tanks and other related products to CIMC Group and its associates. The price will be determined in accordance with (a) the state-prescribed prices as set out by the relevant laws, regulations and other governmental regulatory documents issued by the relevant authorities of the Chinese government; (b) where there is no state-prescribed price, then according to relevant market prices that is the price at which the same or comparable type of products are provided to Independent Third Parties; or (c) where there is no relevant market prices, then according to actual cost incurred in providing those product plus a fair and reasonable margin to be agreed between the parties.

(c) Holvrieka Master Sale of Tanks Agreement

Pursuant to the Holvrieka Master Sale of Tanks Agreement, the Restructured Group shall supply tanks to Burg Industries Group and its associates. The price will be determined on an arms' length basis and comparable to the prevailing market rates or at rates similar to those offered by the Restructured Group to Independent Third Parties.

We consider the pricing mechanism for the Master Supply of Spare Parts Agreement, Holvrieka Master Supply of Spare Parts Agreement, Master Sale of Products Agreement and Holvrieka Master Sale of Tanks Agreement is fair and reasonable as they are either firstly based on an objective pricing with reference to the State-prescribed prices; secondly, in the absence of a national pricing reference, then reference is made to prevailing market prices. Only in situations where both State-prescribed prices and market prices are not available, then the charges will be determined on actual cost basis plus a fair and reasonable margin. In all cases, the price for the Continuing Connected Transactions must be fair and reasonable and should not be less favorable to the Restructured Group than those available from Independent Third Parties.

We have reviewed sample contracts between the Target Group and Independent Third Parties for the sales and purchases of similar products. We noted that the terms and the basis of price determination for the Continuing Connected Transactions under the Master Agreements are no less favourable to the Target Group than the terms for similar transactions between the Target Group and Independent Third Parties.

III. Annual Caps

The Continuing Connected Transactions are subject to the Listing Rules requirements and conditions as more particularly discussed under the section headed "Reporting requirements and conditions of the Continuing Connected Transactions" below. In particular, the Continuing Connected Transactions are subject to the Annual Caps.

(a) Review of historical figures

The table below sets out the value of each category of the Continuing Connected Transactions for each of the three years ended 31 December 2006, 2007 and 2008 ("Track Record Period"):

	Year ended 31 December		
	2006	**2007**	**2008**
	'000	**'000**	**'000**
Transactions of nature similar to those under:			
Master Supply of Spare Parts Agreement	RMB13,532	RMB28,961	RMB52,171
Holvrieka Master Supply of Spare Parts Agreement	€371 (RMB3,291)	€377 (RMB3,344)	€375 (RMB3,326)
	RMB16,823	RMB32,305	RMB55,497
Master Sale of Products Agreement	RMB1,735	RMB8,481	RMB126,533
Holvrieka Master Sale of Tanks Agreement	€6,783 (RMB60,166)	€6,897 (RMB61,177)	€9,222 (RMB81,801)

Master Supply of Spare Parts Agreement and Holvrieka Master Supply of Spare Parts Agreement

As set out in the table above, it is noted that there has been strong growth in the purchases by Target Group China from CIMC Group during the Track Record Period with a CAGR of approximately 96.3%. The value of the purchase rose by 114.0% from approximately RMB13.53 million in 2006 to RMB28.96 million in 2007, and further increased by 80.1% to RMB52.17 million in 2008. The growth was contributed by both the increase in the volume of vehicle chassis and vehicle platform purchased by Target Group China as well as the increase in selling price of such products in the PRC market.

Annual purchase of spare parts by Holvrieka Group from Burg Industries Group remained stable at about €0.4 million (approximately RMB3.3 million) during the Track Record Period.

Master Sale of Products Agreement

Sales in 2007 increased by 388.8% to RMB8.48 million as compared to 2006 and significantly jumped by 1,392.0% to RMB126.53 million in 2008. In 2007, the growth in sales to CIMC Group was in line with the expansion of CIMC Group's tank container segment. In 2008, the substantial increase in sales was mainly contributed by the launch of CIMC Group's finance lease services whereby customers could acquire CIMC Group's products under finance lease arrangement.

Holvrieka Master Sale of Tanks Agreement

The aggregate value for the sale of products to Burg Industries Group in 2007 increased by 1.8% from €6.78 million (approximately RMB60.17 million) to €6.90 million (approximately RMB61.18 million), and further by 33.6% to €9.22 million (approximately RMB81.80 million) in 2008. The increase in sales to Burg Industries Group was mainly contributed by the significant increase in selling price in 2008 driven by the appreciation of stainless steel together with the increase in demand of tanks from Burg Industries Group under the booming energy, chemical and liquid food market.

(b) Assessment of the Annual Caps

Set out below are the Annual Caps being proposed for the Continuing Connected Transactions for each of the three years ending 31 December 2009, 2010 and 2011:

	Year ending 31 December		
	2009	2010	2011
	’000	’000	’000
Master Supply of Spare Parts Agreement	RMB53,139	RMB65,987	RMB95,722
Holvrieka Master Supply of Spare Parts Agreement	€375 (RMB3,326)	€375 (RMB3,326)	€375 (RMB3,326)
	RMB56,465	RMB69,313	RMB99,048
Master Sale of Products Agreement	RMB178,699	RMB240,879	RMB349,211
Holvrieka Master Sale of Tanks Agreement	€2,775 (RMB24,615)	€4,238 (RMB37,587)	€5,800 (RMB51,447)

In assessing the reasonableness of the Annual Caps, we have discussed with the management of the Restructured Group the basis and assumptions underlying the projections of the Annual Caps.

Master Supply of Spare Parts Agreement and Holvrieka Master Supply of Spare Parts Agreement

In calculating the annual caps for the Master Supply of Spare Parts Agreement, the management of Target Group China has considered the forecast quantity of products to be sold to customers and the corresponding amount of spare parts required for the production, multiplied by the estimated market price of spare parts in the coming years. In forecasting the projected sales, the management of Target Group China has taken into account various factors including general economic conditions, the growth rate of the PRC energy, chemical and liquid food consumption and the estimated production capacity of Zhangjiagang CIMC and Nantong CIMC.

The management of Target Group China expected that sales in 2009 will remain stable and the proposed annual cap of RMB53.14 million for 2009 is comparable to the actual transaction value of RMB52.17 million in 2008. It is expected by the management of Target Group China that the demand on Target Group China’s product will start picking up in 2010 and the Annual Caps for 2010 and 2011 represent a year-on-year growth of 24.2% and 45.1% respectively after considering the proposed introduction of a new type of LNG semi-trailer and tanker products by Target Group China in 2010 which will create additional demand for spare parts. In deriving the annual caps, the management of Target Group China has adopted the existing average purchase price for spare parts.

The proposed annual caps for the Holvrieka Master Supply of Spare Parts Agreement at €0.4 million (approximately RMB3.3 million) for each of the three years ending 31 December 2011 have been determined with reference to the relatively stable historical transaction amounts.

Master Sale of Products Agreement

The annual caps for the Master Sale of Products Agreement are based on projected quantities of sales and projected average selling price of the products for each of the relevant years, after having considered the anticipated growth of the energy, chemical and liquid food industries in the PRC.

The proposed annual cap for the Master Sale of Products Agreement of 2009 is arrived at after building in the expected increases in sales quantity following the launch of finance lease services by CIMC Group in 2008. The oil tanks, pressure cylinder tanks, ISO tanks and storage tanks of Target Group China are the major components required for the production of special tank container products by CIMC Group. The annual caps are based on the production plan of special tank container products for CIMC Group for each of the three years ending 31 December 2009, 2010 and 2011. The annual caps for 2010 and 2011 represent a year-on-year growth of approximately 34.8% and 45.0% respectively. The relatively higher growth in 2011 is due to the estimated increase in sales as a result of the proposed launch of new type of LNG semi-trailer and tanker products by Target Group China in 2010. Having considered the growing annual output of CIMC Group, it is expected that CIMC Group's ongoing demand on Target Group China's products will be increased accordingly.

The proposed annual caps for the Master Sale of Products Agreement have also provided for the rise in unit price of the products in 2009 as estimated by the management of Target Group China with reference to the recent orders of CIMC Group, and the unit price in 2010 and 2011 are estimated to be comparable to 2009.

Holvrieka Master Sale of Tanks Agreement

In determining the annual caps for the Holvrieka Master Sale of Tanks Agreement, the general economic conditions and the demand of tanks from Burg Industries Group have been considered in projecting the future quantities of sales and average selling price of the products for each of the relevant years.

The proposed annual cap for the Holvrieka Master Sale of Tanks Agreement for 2009 of €2.78 million (approximately RMB24.66 million) represents a substantial decrease when compared to the actual sales in 2008. The decrease was due to the anticipated decrease in demand and the average selling price for tanks after making reference to the drop in tentative purchase orders placed by Burg Industries Group amid the weakening energy, chemical and liquid food industries in Europe under the financial tsunami. The annual caps for 2010 and 2011 represent a year-on-year growth of approximately 52.7% and 36.9% respectively. The management of Target Group Europe is of the view that the general economy will start picking up in 2010 and 2011. As such, the demand and the average selling price will restore gradually.

The tanks purchased from Target Group Europe are one of the components for Burg Industries Group's production of road tankers. The annual caps are therefore estimated on level of production of road tankers by Burg Industries Group for each of the three years ending 31 December 2009, 2010 and 2011. The management of Target Group Europe expects that, the annual output of Burg Industries Group will be picking up from 2010 onwards, and the ongoing supply by Target Group Europe to Burg Industries Group will increase accordingly to meet the production scale of Burg Industries Group.

We consider the Annual Caps for the Master Supply of Spare Parts Agreement, Holvrieka Master Supply of Spare Parts Agreement, Master Sale of Products Agreement and Holvrieka Master Sale of Tanks Agreement, which are determined with reference to, among other things, the historical transaction amounts, the estimated increase in product prices and the expected growth in the business of the Restructured Group, CIMC Group including Burg Industries Group, are fair and reasonable.

IV. Reporting requirements and conditions of the Continuing Connected Transactions

Pursuant to Rules 14A.37 to 14A.40, the Continuing Connected Transactions are subject to the following annual review requirements:

(a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Continuing Connected Transactions:

(i) have received the approval of the Board;

(ii) are in accordance with the pricing policies of the Group;

(iii) have been entered into in accordance with the relevant agreements governing the transactions; and

(iv) have not exceeded the relevant annual caps;

(c) the Company shall allow, and shall procure the relevant counterparties to the Continuing Connected Transactions shall allow, the Company's auditors with sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraphs (b);

(d) the Company shall promptly notify the Stock Exchange and publish an announcement in the newspaper if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Continuing Connected Transactions and the annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and assist to safeguard the interests of the Independent Shareholders.

DISCUSSION AND ANALYSIS

The Group's business has experienced high growth and financial success in the past few years. Its turnover levels and net profit attributable to Shareholders have been growing and achieved a growth of 31.5% and 13.1% respectively in its latest financial year ended 31 December 2008 when compared to 2007 despite a global economic downturn. The Proposed Transactions will bring industry leaders in the PRC and Europe into the Group as wholly owned subsidiaries. The Proposed Transactions will strengthen the Group's presence in the PRC and establish its footprint in Europe which is in line with the Group's policy to broaden its overseas markets with the objective of becoming a leading energy equipment manufacturer and integrated business solutions provider worldwide. Through integration of the business of the Company and the Target Group, the Restructured Group can provide a full spectrum of services, including the design, development and manufacturing of a large variety of products, construction of engineering projects, and provision of technical maintenance to its customers in the energy, chemical and liquid food industries. The Target Group has advantages in business coverage and breadth of operations which could bring synergies to the Group by economies of scale. The Target Group has achieved robust historical growth in turnover and profitability and has generated significant profits in the past with strong balance sheets. Although the global economic downturn has affected the performance of Target Group China and Holvrieka Group in the first quarter of 2009, the Directors remain confident in the long-term prospects of the Target Group in view of its strong historical financial results and good quality of assets. The principal operating subsidiaries of the Target Group are leading manufacturers in their respective regions in the PRC and Europe. The Proposed Transactions will broaden the Group's revenue base and we consider that the commercial logic for the Proposed Transactions is sound.

The P/E multiples implied by the consideration for the proposed acquisition of Target Group China and Target Group Europe of 6.95 times and 16.01 times respectively based on their respective 2008 earnings are within the range of the ratings of the Comparable Companies.

The total consideration of approximately HK$4.2 billion will be settled by the allotment and issue of Consideration Shares at HK$3.0 each. This settlement method allows the Group to acquire a significant business without stretching its financial position. The issue price of the Consideration Shares represents significant premium to the average market prices before the publication of the Supplemental Announcement.

The percentage interest in the Company of the existing public Shareholders will be diluted from 58.35% to 31.24% after completion of the Proposed Transactions but before conversion of any of the New Convertible Preference Shares. On the basis that all New Convertible Preference Shares are fully converted, the interest of the existing public Shareholders would be further diluted down to 14.3%. However, CIMC HK and CIMC Vehicle have undertaken to the Company that they will only exercise the conversion rights as to New Convertible Preference Shares if, upon conversion, the percentage of the Ordinary Shares held by the public will still meet the minimum 25% public float requirement. The dilution is significant but we regard it inevitable in the case of a substantial acquisition of this type which is being financed without incurring significant liabilities to satisfy the consideration.

The Proposed Transactions will result in the interest of CIMC Group being increased from 41.60% to 68.73%, thereby incurring an obligation to make a general offer for the Shares. CIMC Group has applied for the Whitewash Waiver, which is subject to the Independent Shareholders' approval. If the Whitewash Waiver is not obtained, the Proposed Transactions will not proceed. Given the benefits of the Proposed Transactions as discussed above, we consider that it is in the interests of the Independent Shareholders that the Whitewash Waiver be granted to CIMC Group.

The Proposed Transactions would enhance the earnings per Ordinary Share of the Group but reduce the net asset value per Ordinary Share based on the pro forma financial information set out in Appendix IV to the Circular. We do not see the reduction in net asset value as a material adverse factor, bearing in mind the proven track record of the Target Group and the synergy to be generated after the Proposed Transactions. The issue of Consideration Shares would enlarge the equity base and provide a prudent method of funding the Proposed Transactions. The Company's proposed investment in the Target Group is subject to various risk factors as detailed under the "Risk factors" section of the Circular and the main ones are summarised in the paragraph headed "Risk factors" above.

Various sale and purchase arrangements between the Restructured Group and CIMC Group will continue after completion of the Proposed Transactions and will constitute Continuing Connected Transactions for the Company under the Listing Rules. The Master Agreements are to regulate the Continuing Connected Transactions. The selling or purchase prices of products will be determined with reference to the State-prescribed prices or prevailing market prices or on actual cost basis plus a fair and reasonable margin. The Annual Caps have been set on the basis of historical transaction amounts, the estimated increase in product prices and expected growth in business of the Restructured Group.

OPINION

Having taken into account the above principal facts and reasons, we consider that the terms of the Acquisition Agreements involving the issue of the Consideration Shares, the Whitewash Waiver and the Continuing Connected Transactions are on normal commercial terms and entered into in the ordinary and usual course of business of the Group. We further consider that the terms of Acquisition Agreements, the issue of the Consideration Shares and the Whitewash Waiver and the Continuing Connected Transactions (including the Annual Caps) are fair and reasonable to the Independent Shareholders and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee and the Whitewash Independent Board Committee, where appropriate, to recommend, and we ourselves recommend, that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at EGM to approve the Acquisition Agreements, the issue of the Consideration Shares, the Whitewash Waiver, and the Continuing Connected Transactions (including the Annual Caps).

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Maggie Chan
Director

In addition to the other information contained in this circular, you should take into account the following risks in considering the Proposed Transactions. If any of the possible events described below occurs, the business or financial condition of the Restructured Group could be adversely affected.

RISKS RELATING TO THE PROPOSED TRANSACTIONS

Completion of the Proposed Transactions is subject to fulfilment of the Conditions set out in the Acquisition Agreements and there is no assurance that all of the Conditions can be fulfilled.

Completion of the Proposed Transactions is subject to fulfilment of the Conditions, details of which are set out in the paragraph headed "Conditions" in the sub-section headed "The Acquisition Agreements" in the section headed "Letter from the Board" of this circular.

A number of the Conditions involve the decisions of third parties, including approvals by the Independent Shareholders at the EGM, the approval by the Listing Committee of the Stock Exchange for the new listing application of the Company and for the listing of, and permission to deal in, the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares, and the granting of the Whitewash Waiver by the Executive. In particular, the Listing Committee of the Stock Exchange may not grant approval for the new listing application of the Company if the Company is unable to comply with the requirements of Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of completion of the Proposed Transactions, in which case the Proposed Transactions would not become unconditional. As fulfilment of such Conditions is not within the control of the parties involved in the Proposed Transactions, there is no assurance that the Proposed Transactions will be completed as contemplated.

The shareholding percentages of the existing Shareholders in the Company will be substantially diluted immediately following completion of the Proposed Transactions.

Pursuant to the Acquisition Agreements, the Company will issue a total of 398,452,201 New Ordinary Shares and 1,015,641,321 New Convertible Preference Shares to CIMC HK, CIMC Vehicle and PGM. The New Ordinary Shares represent approximately 46.46% of the issued share capital of the Company as enlarged by the allotment and issue of the New Ordinary Shares upon completion of the Proposed Transactions. The underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares represent approximately 54.22% of the issued share capital of the Company as enlarged by the allotment and issue of the New Ordinary Shares and such underlying Ordinary Shares upon completion of the Proposed Transactions. As a result, the shareholding percentages of the existing Shareholders in the Company would be substantially diluted. Any value enhancement of the Ordinary Shares as a result of the Proposed Transactions may not necessarily be reflected in their market price and may not offset the dilution effect to the Shareholders.

Existing Shareholders will experience further dilution if the Company issues additional Ordinary Shares in the future.

In order to expand the business of the Company, the Company may consider offering and issuing additional Ordinary Shares in the future. Shareholders may experience further dilution in the net tangible asset book value per Ordinary Share of their Ordinary Shares, if the Company issues additional Ordinary Shares in the future at a price which is lower than the net tangible asset book value per Ordinary Share.

RISKS RELATING TO THE RESTRUCTURED GROUP

Future acquisitions by the Restructured Group may be unsuccessful.

A component of the growth strategy of the Restructured Group is the acquisition of businesses that complement its existing products and services. If a significant acquisition opportunity arises and the Restructured Group proceeds, the Restructured Group may seek material debt or equity financing. The Restructured Group is not presently engaged in any negotiation concerning any acquisition which may be material in size and scope to its business. The Restructured Group anticipates, however, that one or more potential acquisition opportunities could become available in the future. If and when appropriate acquisition opportunities become available, the Restructured Group may pursue them actively. The Restructured Group may, however, encounter strong competition during the acquisition process and may fail to select or value acquisition targets appropriately, which may make it difficult for the Restructured Group to complete such acquisitions at a reasonable cost or at all.

Even if an acquisition is successful, the Restructured Group may have to allocate additional capital and human resources to implement the integration of the acquired business. The Restructured Group may also fail to integrate the acquired business successfully due to complexity of the integration and the cost and time required for successful integration and management of the acquired business or realisation of expected efficiency and cost saving objectives. The Restructured Group may encounter difficulties in the integration of the operations of the acquired business and may need to allocate more resources to tackle such problems, which may adversely affect its business, financial condition or operating results.

Any decline in the ability of the operating subsidiaries of the Target Group, which will become operating subsidiaries of the Company following completion of the Proposed Transactions, to pay dividends to the Company would adversely affect the earnings of the Company.

The Company is a holding company and conducts substantially all its operations through its operating subsidiaries. Most of the assets of the Company are held by, and substantially all of the earnings and cash flows of the Company are attributable to, the operating subsidiaries of the Company. The operating subsidiaries of the Target Group will become operating subsidiaries of the Company following completion of the Proposed Transactions. If the earnings from the operating subsidiaries of the Target Group decline, the cash flows of the Company would be adversely affected.

The ability of the operating subsidiaries of the Target Group to pay dividends depends on business considerations including its operating results and cash flows, and regulatory restrictions including its articles of association and applicable company law provisions. In particular, under PRC law, an operating subsidiary of the Target Group in China may only pay dividends after 10% of its net profit has been set aside as a statutory common reserve fund (until such reserve fund is equal to 50% of their relevant registered capital). In addition, distributions by the operating subsidiaries of the Target Group to the Company other than by way of dividends may be subject to government approvals and taxation. These restrictions could reduce the amount of distributions that the Company may receive from the operating subsidiaries of the Target Group, which would restrict the ability of the Company to fund its operations on a group basis and to generate income to pay dividends. There is no assurance that the operating subsidiaries of the Target Group will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable the Company to meet its obligations or declare dividends.

The Restructured Group may not be able to obtain additional funding as and when required. Further, unutilised banking facilities granted by banks and other financial institutions to the Restructured Group may be withdrawn upon occurrence of specified events stipulated in the relevant facility agreements.

The operations and development of the Restructured Group may require additional financing from external sources and internally generated cash. There can be no assurance that external sources of funds or internally generated cash will be adequate or available to meet the needs of the Restructured Group, or that the Restructured Group will be able to obtain additional external financing on terms that are acceptable to the Restructured Group or at all.

Further, although as at 31 December 2008, the Target Group China and the Holvrieka Group had unutilised banking facilities of a total of approximately RMB808.7 million (equivalent to approximately HK$924.8 million) and EURO 9.1 million (equivalent to approximately HK$92.3 million) granted by banks and other financial institutions, such banking facilities may be terminated or reduced by the relevant bank or financial institution upon occurrence of certain specified events stipulated in the relevant facility agreements. Please refer to the paragraph headed “Available banking facilities” in the sub-section headed “Indebtedness” in the section headed “Financial Information of the Target Group” of this circular for further information. In the event that the Restructured Group cannot raise sufficient funds to meet its financial needs, or if any of the banking facilities already granted to the Restructured Group are terminated or reduced, the development, financial condition and operating results of the Restructured Group may be materially and adversely affected.

The ability of the Restructured Group to implement any expansion plan is dependent on its ability to obtain sufficient funding at an acceptable cost. Any expansion involving the establishment of or improvement in manufacturing equipment and facilities is likely to require a significant amount of capital expenditure. If the Restructured Group is unable to secure appropriate funding at an acceptable cost, its ability to expand its business may be restricted or limited.

Any failure to obtain positive advice from its works council on any future financing or security arrangement of a material nature as and when needed may significantly affect the ability of Holvrieka Nirota, and possibly the ability of the Target Group Europe, to obtain the required funding, thereby adversely affecting the business prospects and financial condition of the Target Group Europe.

An enterprise established in the Netherlands which has at least 50 employees, or where there is such a requirement under the collective bargaining agreement to which the enterprise is a party, is required to establish a works council under the laws of the Netherlands. The members of the works council must have been employed by the enterprise for at least 12 months, and will be elected directly by the employees of the enterprise. Holvrieka Nirota, an operating subsidiary of Target Co Europe, being an enterprise with at least 50 employees, has established a works council under the laws of the Netherlands. Any future financing arrangement of Holvrieka Nirota of a material nature, or any grant of security in connection with the financing of another enterprise, can only proceed with the positive advice from its works council. If the enterprise proceeds with any financing or security arrangement in defiance of the advice from its works council, such arrangement is required by law to be suspended for a period of one month from the day on which the works council is notified of the decision to so proceed. During the one-month period, the works council may lodge an appeal to courts in the Netherlands against such decision or even initiate legal proceedings to stop such financing or security arrangement. Accordingly, any failure to obtain a positive advice from its works council in respect of any future financing or security arrangement as and when needed may significantly affect the ability of Holvrieka Nirota, and possibly the Target Group Europe, to obtain the required funding for its business and expansion plans, thereby adversely affecting the business prospects and financial condition of the Target Group Europe.

Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit the ability of the Restructured Group to acquire PRC companies and adversely affect the implementation of the strategy of the Restructured Group, and its business and prospects.

《關於外國投資者併購境內企業的規定(2006修訂)》 (The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision)) (the "**M&A Provisions**") issued by six PRC ministries, including the Ministry of Commerce, took effect from 8 September 2006. The M&A Provisions provide the rules which foreign investors are required to comply with when seeking to purchase any equity interest from a shareholder of a domestic non foreign-invested enterprise or to subscribe for any increase in the registered capital of a domestic non foreign-invested enterprise, thereby converting the domestic non foreign-invested enterprise into a foreign-invested enterprise, for the purpose of any asset merger and acquisition. The business scope of the domestic enterprises so acquired are required to conform to 《外商投資產業指導目錄 (2007修訂) 》(the Foreign Investment Industrial Guidance Catalogue, amended in 2007) issued by the National Development and Reform Commission and the Ministry of Commerce, which restricts the scope of permitted foreign investment. The M&A Provisions also set out the takeover procedures for equity interests in domestic companies.

The PRC legal advisers to the Company have advised that there are uncertainties as to how the M&A Provisions will be interpreted or implemented. If the Restructured Group decides to acquire a PRC company, there is no assurance that all necessary approval requirements under the M&A Provisions can be successfully completed. This may restrict the ability of the Restructured Group to implement its strategy and may adversely affect their business and prospects.

The operations of the Restructured Group could be materially and adversely affected by the recent economic turmoil and credit tightening in the world.

The results of operation of the Restructured Group are materially affected by conditions in the financial markets and economy in Hong Kong, China, Europe and elsewhere around the world. Recently, concerns over inflation, energy cost, geopolitical issues, the availability and cost of credit, the US mortgage market and a declining residential real estate market in the US have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the markets. These factors, combined with declining business and consumer confidence and increased unemployment, have precipitated slowdown in world markets and fears of a possible global recession. As financial institutions, companies, investors and consumers attempt to retrench in an effort to reduce exposure, save capital and weather the economic contraction, the demand for products, value of real estate and supply of credit may continue to decrease. These effects have affected and will continue to affect the domestic economy in the PRC, as a substantial portion of China's GDP is derived from exports to the United States and other countries which are more directly affected by the current economic situation.

The economic slowdown may affect the Restructured Group in various ways, for instance, demand for its products may decline, orders placed may be reduced or cancelled, price of products may be adjusted lower, settlement period may be prolonged and bankruptcy or default on the part of any customers or suppliers may occur. In addition, the credit tightening environment may aggravate the interest expenses on the bank borrowings of the Restructured Group, or banks may reduce or even withdraw banking facilities currently available to the Restructured Group, require early payment of outstanding loans or require additional security for secured borrowings. The capital expenditure plans of the Restructured Group may also be affected.

As a result of the recent global economic turmoil, general overall business activities have slowed down and may continue to slow down.

The business performance and profitability of the Target Group China have been materially and adversely impacted in the first quarter of 2009 as a result of the global economic turmoil. In particular, as a result of lower customer demand, the volume of transportation equipment sold by the Nantong Group decreased by approximately 70% in the first quarter of 2009 compared with the first quarter of 2008, while average selling prices of these standardised transportation equipment remained relatively stable. In addition, in the first quarter of 2009, the decrease in the overall cost level was significantly less than the decrease in turnover, due to the fixed nature of certain cost.

The business performance and profitability of the Holvrieka Group in the first quarter of 2009 has also been materially adversely impacted. In particular, the average sales price per tank decreased by approximately 35% in the first quarter of 2009 compared with the first quarter of 2008, while total number of tanks sold remained relatively stable. The drop in average sales price per tank was mainly due to a nearly proportional decrease in cost of production caused primarily by a decrease in raw material prices, in particular prices of nickel and steel, as a result of the global economic slowdown. The operating cost not directly related to production also decreased in the first quarter of 2009 compared with the first quarter of 2008, although at a lesser rate than the decrease in turnover due to the fixed nature of certain cost.

For further information, please refer to the sub-section headed "No Material Adverse Change" in the section headed "Financial Information of the Target Group" of this circular.

If the prevailing economic situation continues or becomes more widespread, it could have a significant impact on the markets on which the Restructured Group operates. In such circumstances, the Restructured Group may face a material loss of revenue and its shareholder value may decline.

The operations of the Restructured Group may be adversely affected by adverse weather conditions and natural disasters.

The manufacturing facilities and certain finished products of the Restructured Group could be dangerous if subject to non-controlled environment, including adverse weather conditions and natural disasters such as snowstorms, typhoons, floods and earthquakes, the risks of which the Restructured Group cannot obtain full insurance coverage.

Although the Sichuan Province earthquake on 12 May 2008 did not affect the production, operations and business of the Group and the Target Group as none of its production plants, operations or major customers and suppliers is based in Sichuan, other occurrences of natural disasters, as well as accidents and incidents of adverse weather in the future may result in significant property damage, electricity shortages, disruption of the Restructured Group's operations, work stoppages, civil unrest, personal injuries and, in severe cases, fatalities. Such incidents may result in damage to the reputation of the Restructured Group or cause the Restructured Group to lose all or a portion of its production, and future revenues anticipated to be derived from the relevant facilities.

The success of the Restructured Group is dependent upon recruiting and retaining highly qualified management team and production personnel of the Restructured Group and upon their contributions.

The success of the Group and the Target Group has been, and in future will be, dependent on the continued services of its management team and production personnel. The key management personnel who are crucial to the operations of the Group and the Target Group include Mr. Jin Yongsheng, an executive Director, Mr. Shi Caixing, an executive Director, Mr. Ren Yingjian, the general manager of Enric Gas Equipment, Mr. Liu Wenxiang, the general manager of Enric Integration, Mr. Wang Fenglin, the general manager of Enric Compressor, a wholly-owned subsidiary of the Company, Mr. Tang Guocai, the general manager of Nantong CIMC, Mr. Ko R. R. Brink, the managing director of Holvrieka Holding and Mr. Cheong Siu Fai, the company secretary and financial controller of the

Company. They have contributed significant experience and expertise to the operations of the Group or the Target Group, as the case may be, during their service. There is no assurance, however, that any or all of the key management personnel of the Restructured Group will continue to be employed. If any of the key management personnel of the Target Group is unable or unwilling to continue his service, the Restructured Group may not be able to seek a replacement easily and in a timely manner. The loss of the services of any of the key management personnel or the failure to find a suitable replacement might cause disruption to the business of the Restructured Group and could have an adverse impact upon its ability to manage or operate the business effectively. The operating results of the Restructured Group may thus be adversely affected. In addition, there is no assurance that the former key personnel will not misappropriate the confidential information of the Restructured Group or will not compete with the Restructured Group in the future.

In addition, the Group and the Target Group rely on the experience and technical know-how of its production personnel. As special skills are required for operating some of the equipment of the Group and the Target Group, it normally takes a few months to train a new recruit to attain the necessary skills, and such skilled personnel may not be easily replaceable. There is no assurance that the production personnel will continue to be employed by the Restructured Group. The Restructured Group may have to offer more competitive remuneration packages to recruit and retain adequate production personnel to sustain its business operations, which could increase the cost and affect its business operations.

RISKS RELATING TO THE BUSINESS OF THE TARGET GROUP

Fluctuations in the supply and price of raw materials, such as stainless steel and other commodities, could result in increased cost of sales that the Target Group may not be able to pass on to its customers completely.

As part of the manufacturing process, the Target Group must obtain sufficient quantities of raw materials from its commodity suppliers, most importantly stainless steel, at acceptable prices and quality in a timely manner. During the Track Record Period, cost of raw materials represented the largest component of the cost of sales of the Target Group. Cost of raw materials represented approximately 91.8%, 93.1% and 93.0% of the cost of sales of Nantong Group for the three years ended 31 December 2006, 2007 and 2008; approximately 90.7%, 92.1% and 93.1% of the cost of sales of Zhangjiagang Group for the three years ended 31 December 2006, 2007 and 2008; and approximately 78.6%, 80.3% and 79.7% of the cost of sales of the Holvrieka Group for the three years ended 31 December 2006, 2007 and 2008. For details of the price fluctuations of raw materials during the Track Record Period, please refer to the paragraph headed "Cost of raw materials" under the sub-section headed "Financial Information of the Target Group China" in the section headed "Financial Information of the Target Group" of this circular.

The Target Group has not entered into long-term contracts or guarantees of supply with any of its suppliers. Accordingly, there is no assurance that the Target Group will be able to obtain sufficient quantity of raw materials from its existing suppliers or from alternative sources at acceptable prices in a timely manner, or at all. The Target Group does not currently engage in any hedging transaction to protect itself against such fluctuations.

There is no assurance that shortages of raw materials will not occur or that the Target Group will be able to pass on any cost increase to its customers in the future. Any failure to obtain adequate raw materials or components, or to do so on commercially acceptable terms and in a timely manner, could interrupt the manufacturing operations of the Target Group, thereby adversely affecting the business of the Target Group. In the event of a significant increase in the cost of raw materials in the future and the Target Group is not able to pass on the additional cost to its customers, the profit margin of the Target Group may be reduced.

The growth prospect of the Target Group is dependent on its ability to develop new products and improve its manufacturing process and other technologies. The degree of success of such new products, however, is uncertain.

Most of the product lines are designed to the specifications required by a customer for incorporation in such customer's own products. One of the key strengths of the Target Group is its ability to provide new, innovative products custom-made for its customers. There can be no assurance that the Target Group will be able to continue to implement new technologies and to upgrade its production technologies to adapt to the changing needs of its customers. In addition, many customers of the Target Group have their own research capabilities. There is no assurance that the customers of the Target Group will not develop and manufacture their own new products and cease purchasing from the Target Group.

The Target Group may experience interruptions to its supply of raw materials and product parts.

The Target Group purchases a large portion of raw materials and product parts from a small number of suppliers. Members of the Target Group generally enters into supply contracts with their suppliers for a term of one year. For the three years ended 31 December 2006, 2007 and 2008, the top five raw material suppliers of the Target Group China accounted for approximately 54.4%, 54.3% and 52.4%, respectively, of its total raw material purchases. The top five raw material suppliers of the Holvrieka Group accounted for approximately 41.7%, 46.0% and 33.6%, respectively, of its total purchases from raw material suppliers for the same period. There is no assurance that the top suppliers of the Target Group will continue to deliver raw materials or product parts in a timely manner, or at acceptable prices or quality, or at all and there may be interruption in the supply of raw materials and product parts from the top suppliers of the Target Group. The sales volume and operating results of the Target Group will be adversely affected if the suppliers fail to meet the supply requirements, in particular, the quality standards of the raw materials required by the products of the Target Group. The production capabilities of the Target Group and its ability to meet the demand of its customers may be adversely affected if the major suppliers are unable to supply sufficient quantity of raw materials on a timely basis. This may in turn affect the business, financial condition and operating results of the Target Group.

The Target Group may not be able to protect its intellectual property adequately, which could reduce its competitiveness in the market. It also relies heavily on certain major licensed third party technologies in some of its manufacturing operations, the right to use which, if discontinued, would have an adverse effect on its business, financial condition and operating results.

The Target Group relies on a combination of patents, trademarks, know-how and contractual rights to protect its intellectual property. There is no assurance that these measures will be sufficient to prevent any misappropriation of its intellectual property, or that its competitors will not independently develop alternative technologies that are equivalent or superior to technologies based on its intellectual property. The Target Group also cannot guarantee that third parties, including the competitors of the Target Group, will not successfully challenge its right to use certain intellectual property rights. The legal regime governing intellectual property in China is still evolving, and the level of protection of intellectual property rights in China is different from that in other jurisdictions. In the event that the steps that the Target Group have taken and the protection afforded by law do not adequately safeguard its intellectual property, the business and operating results of the Target Group will be materially and adversely affected as a result of the sale of competing products that exploit its intellectual property.

Many of the trademarks of the Target Group China are still under the process of registration, in respect of which trademark title certificates have not been obtained. There is no assurance that third parties will not bring claims against the Target Group China on the ground of trademark infringement. In addition, as many of new patent applications of the Target Group China are currently under review by the PRC patent office, it is unable to determine whether any of its products, or any of the features, designs or appearance of its products, infringes, or will infringe, upon the patent rights of others.

On the other hand, there is heavy reliance, on the part of certain members of the Target Group, on certain major licensed third party technologies in their manufacturing operations. In particular, the manufacturing of a significant portion of the products of the Nantong Group require application of the advanced technologies licensed by UBHI. For the three years ended 31 December 2006, 2007 and 2008, the turnover of products manufactured by the Nantong Group which required application of the advanced technologies licensed by UBHI were approximately RMB1,362.6 million (equivalent to approximately HK$1,558.1 million), RMB2,143.8 million (equivalent to approximately HK$2,451.5 million) and RMB2,405.7 million (equivalent to approximately HK$2,750.9 million), respectively which have accounted for approximately 98.5%, 97.5% and 95.3%, respectively, of the total turnover of the Nantong Group. If, for any reason, the right of the relevant members of the Target Group to use any of those third party technologies is terminated or discontinued, or cannot be renewed at terms acceptable to the Target Group or at all, the business, financial condition and operating results of the Target Group will be materially and adversely affected.

The Target Group China has yet to obtain building ownership certificates in respect of certain of its buildings. Certain of its buildings were built with a gross floor area in excess to those allowed under the relevant building ownership certificate and the Target Group China may be asked to pay an additional amount for the land use right of a parcel of land

As at the Latest Practicable Date, the Target Group China did not possess building ownership certificates for buildings and structures with a total gross floor area of approximately 10,656.8 sq.m. No building ownership certificates have been granted, and no commercial value has been assigned to those buildings and structures. The Target Group China's rights as owner of these properties may be adversely affected as a result of the absence of formal title certificates, and it may be subject to penalties and other actions taken against it and lose its right to continue to operate on these properties.

As at the Latest Practicable Date, certain Target Group China's buildings were built with a gross floor area in excess to those allowed under the relevant building ownership certificate. The Target Group China may be subject to penalties and other actions taken against it and lose its right to continue to operate on these properties.

On 10 April 2003, Nantong CIMC entered into a supplemental agreement with the Administrative Committee of Nantong Gangzha Economic Development Zone to acquire the land use right of a parcel of land with a gross area of 70,776.95 sq.m. at a consideration of RMB5,700,000 (equivalent to approximately HK$6,518,010). This amount was paid on 25 December 2003. On 31 December 2003, Nantong CIMC entered into a grant of land use right contract with the Nantong State Owned Land Resources Bureau for the same parcel of land at a consideration of RMB7,785,464.50 (equivalents to approximately HK$8,902,761). Nantong CIMC paid the deed tax based on this amount on the same day. It was the Company's understanding that the reason for entering into the grant of land use right contract with the Nantong State Owned Land Resources Bureau was to provide a basis for the collection of the deed tax and the Nantong State Owned Land Resources Bureau never meant to collect the difference between the amounts paid under the supplemental agreement and the amounts payable under the grant of land use right contract. The Nantong State Owned Land Resources Bureau subsequently issued a land use right certificate to Nantong CIMC on 15 January 2004 and has not requested for payment of the difference between the amount paid under the supplemental agreement and the amounts payable under the grant of land use right contract. However, there is a risk that the Nantong State Owned Land Resources Bureau may ask for payment of the difference between the two contracted amounts, impose a monetary penalty for late payment in the future or even revoke the land use right certificate.

For further details, please refer to the sub-section headed "Land and Buildings" in the section headed "Business" of this circular.

Electricity shortages could adversely affect the business of the Target Group in respect of its production process.

Substantially all of the assets and manufacturing operations of the Target Group China, and some of its suppliers, are located in China. Its operations are vulnerable to power shortages that generally affect enterprises located in China. Manufacturers in China, especially in eastern and southern China, have recently experienced electricity shortages. There can be no assurance that power shortages will not affect the Target Group in the future. In addition, the Target Group does not have any insurance cover for business interruptions, including cover for loss of profits from such interruptions. Any losses that may occur as a result of these kinds of events could adversely affect the manufacturing operations of the Target Group.

The insurance coverage of the Target Group may not adequately protect it against certain operational risks and this may have a material adverse effect on its business.

The occurrence of certain incidents, including industrial accident, fire, severe weather condition, earthquake, war, flooding and power outage, and the consequences resulting from them may not be covered adequately, if at all, by the insurance policies of the Target Group. If the Target Group incurs substantial liabilities which are not covered by its insurance, or if its business operations are interrupted for more than a short period of time, it could incur cost and losses that would materially adversely affect its operating results.

Owing to the nature of its business and products, the Target Group may be liable for damages based on product liability and warranty claims. Given the high pressures and low temperatures at which many of its products are used, the Target Group faces an inherent risk of exposure to claims in the event that the failure, use or misuse of its products results, or is alleged to result, in bodily injuries and property damages. Members of the Target Group maintains product liability insurance for certain products only. As advised by the PRC legal advisers to the Company, maintaining such insurance is not mandatory under the PRC law.

Defective products, equipment failures and possible personal injuries during the setting up and the subsequent use of the products of the Target Group may, however, provide grounds for claims. A successful product liability claim brought against a member of the Target Group or a requirement to participate in any product recall may have a material adverse effect on the business and financial results of the Target Group. In addition, the Target Group may have to devote significant resources and time to defend legal proceedings in relation to such claims. If any such claim is made, the reputation, financial condition and operating results of the Target Group may also be adversely affected.

Dividends declared by the Target Group China and the Holvrieka Group in the past may not be indicative of the amount of future dividend payments or their future dividend policy.

The Target Group China declared total dividends of approximately RMB274.7 million (equivalent to approximately HK$314.1 million) to its then shareholders for the year ended 31 December 2006. No dividend was declared by the Target Group China for the years ended 31 December 2007 and 2008 respectively.

No dividend was declared by the Holvrieka Group for the two years ended 31 December 2006 and 2008. In the year ended 31 December 2007, the Holvrieka Group declared total dividends of EURO 4.0 million (equivalent to approximately HK$40.6 million) to its then shareholders.

For further details of the dividend payments by the Target Group China and the Holvrieka Group, please refer to Appendices I and II to this circular. No assurance can be given that dividends of similar amounts or at similar rates will be paid in the future or that dividends will be paid at all. Therefore, the past dividend payments referred to above should not be used as reference for the Target Group China or the Holvrieka Group's dividend policy, nor as a basis to forecast the amount of dividends payable in the future.

RISKS RELATING TO THE INDUSTRY OF THE TARGET GROUP

Global economic slowdown may negatively impact the performance of the global energy, chemical and liquid food industries.

The transportation, storage and processing equipment manufactured by the Target Group are used in the global energy, chemical and liquid food industries. Demand for the products of the Target Group depends on the condition and growth of those industries, which in turn depends on macro-economic conditions and other factors, such as interest rates, inflation, unemployment levels, demographic trends and consumer confidence. In particular, demand for the transportation equipment products manufactured by the Target Group is affected by developments in the global and regional trade, changes in the prices of the commodities transported, changes in the regulatory regimes governing shipping and other transportation, and fluctuations of currency exchange, inflation and interest rates, among others.

There is no assurance that the global economy will continue to grow or maintain at the current pace or the demand for the products manufactured by the Target Group, which include transportation, storage and processing equipment will continue to grow or remain at the same level. Any slowdown or decline in the global economy or in the growth of the global energy, chemical and liquid food industries may materially and adversely affect the transportation, storage and processing equipment market, which in turn would have an adverse effect on the business, financial condition and operating results of the Target Group.

The Target Group faces competition from domestic and overseas manufacturers. Any increase in competition may cause the Target Group to lose market share.

The Target Group faces significant competition from both domestic and overseas manufacturers in the major markets in which it operates. Large-scale domestic and overseas manufacturers including Chart Industries, Inc., 查特深冷工程系統(常州)有限公司 (Chart Cryogenic Engineering Systems (Changzhou) Co., Ltd.), 泰萊華頓(北京)低溫設备有限公司 (Taylor-Wharton Co., Ltd.), Welfit Oddy (Pty) Ltd., 廣東順安達太平貨櫃有限公司 (Guangdong Shun An Da Pacific Container Co., Ltd.), 中山中化儲運容器有限公司 (Zhongshan Zhonghua Tank Containers Limited), Ziemann Ludwigsburg Gmbh and Landalure SA., may have advantages over the Target Group in terms of financial capabilities, production capacity, technical competence or brand recognition, while some smaller competitors may have a price advantage due to their simpler operating structures or lower production cost. Given the large number of competitors in the major markets in which the Target Group operates, it faces intense competition.

The market position of the Target Group depends on its ability to anticipate and respond to various competitive factors, including new or improved products and services introduced by competitors, pricing strategies adopted by competitors, and changes in customer preferences. There is no assurance that current or potential competitors will not offer products comparable or superior to those of the Target Group, at the same or lower prices, or will not adapt more quickly than it does to evolving industry trends or changing market requirements. The Target Group may lose its customers to its competitors if, among other things, it fails to keep the prices at competitive levels for comparable products or services or if it is unable to differentiate itself from its competitors. Increased competition may result in price reductions, reduced profit margins and loss of market share.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Adverse changes in the economic, political and social conditions and government policies in China could have a material adverse effect on the overall economic growth of China, which could adversely affect the business, financial condition and operating results of the Restructured Group.

The economy of China differs from the economies of most developed countries in a number of respects, including the degree of government involvement, control of capital investment, and the overall level of development. Before the adoption of its reform and open door policies beginning in 1978, China was primarily a planned economy. In recent years the Chinese government has been reforming the economic system of China and has also begun reforming the government structure. These reforms have resulted in significant economic growth and social progress. Although the Chinese government still owns a significant portion of the productive assets in China, these reform policies have emphasised autonomous enterprises and the utilisation of market mechanisms. Although the Directors believe that these reforms will have a positive effect on the overall and long-term development of the Restructured Group, it cannot be predicted whether changes in the political, economic and social conditions, laws, regulations and policies in China will have any adverse effect on the current business of the Target Group China or the future business, financial condition or operating results of the Restructured Group.

Prior to 1 January 2008, both Nantong CIMC and Zhangjiagang CIMC enjoyed a preferential income tax rate of 24% as approved by the relevant tax authorities pursuant to the then applicable law, the Foreign Invested Enterprise and Foreign Enterprise Income Tax Law. Further, Nantong CIMC enjoyed two years of income tax exemption from 2004 and has been enjoying a 50% income tax reduction for the following consecutive three years. Zhangjiagang CIMC enjoyed two years of income tax exemption from 2006 and will enjoy a 50% income tax reduction for the following consecutive three years.

中華人民共和國企業所得稅法 (The PRC Enterprise Income Tax Law) promulgated by the National People's Congress of the PRC, which came into effect on 1 January 2008, has imposed a unified enterprise income tax rate of 25% for both domestic enterprises and foreign-invested enterprises. Under the PRC Enterprise Income Tax Law, Nantong CIMC and Zhangjiagang CIMC can continue to enjoy the income tax reduction until the end of the relevant preferential periods. Upon expiration of the relevant preferential periods, Nantong CIMC and Zhangjiagang CIMC will thereafter be subject to 25% income tax rate. The change of applicable income tax rate would have a material adverse impact on the operating results of the Target Group China and hence those of the Restructured Group.

Dividends payable by the PRC subsidiaries to the Company are subject to withholding taxes under PRC tax law.

Under the PRC Enterprise Income Tax Law, dividends payable to foreign investors which are "derived from sources within the PRC" may be subject to income tax at the rate of 20% by way of withholdings. The rate is reduced to 10% in the implementation rules of the PRC Enterprise Income Tax Law issued by the State Council. According to the Arrangement of Avoidance of Double Taxation between the PRC and Hong Kong, such withholding rate may be further reduced by 5% if the Company holds not less than a 25% equity interest in the PRC companies that are invested by it. Since the PRC subsidiaries of Target Co China are required under the PRC Enterprise Income Tax Law to withhold PRC income tax on dividends payable to the Company, the investment of Shareholders in the Company may be materially and adversely affected.

The implementation of the new PRC employment contract law and increases in the labour cost in China may adversely affect the business and profitability of the Restructured Group.

A new employment contract law became effective on 1 January 2008 in China. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts, recruitment of temporary employees and dismissal of employees. In addition, under the newly promulgated 國務院職工帶薪年休假條例 (Regulations on Paid Annual Leave for Employees), which also became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid vacation ranging from 5 to 15 days, depending on the length of the employees' service. Employees who waive such vacation entitlements at the request of the employer will be compensated for three times their normal daily salaries for each vacation day so waived. As a result of the new law and regulations, the labour cost of the Restructured Group may increase. There is no assurance that disputes, work stoppages or strikes will not arise in the future. Increases in the labour cost or future disputes with the employees of the Restructured Group could adversely affect the business, financial condition or operating results of the Restructured Group.

The laws and regulations in China relating to product qualification certificates, licences, approvals and permits change from time to time, which may have a significant impact on the business of the Target Group China.

Currently, the Chinese government has not set any specific market entry threshold for the manufacturing of transportation, storage and processing equipment, and no special government certificate, licence, approval or permit is generally required to enter this market (with the exception that special permits are required for the manufacturing of certain transportation, storage and processing equipment). There is no assurance that this will always be the case. If, in the future, the Chinese government imposes any special requirement on the businesses which the Target Group China is engaged in, members of the Target Group China will be required to apply to relevant government authorities for various certificates, licences, approvals or permits or the renewal of the same to continue their business operations. On the other hand, members of the Target Group China are required to obtain approvals on new investment projects, environmental approvals, permits to import raw materials and so on, which are equally applicable to all other ordinary manufacturing enterprises in China. Please refer to the sub-section headed "Regulatory Overview of China" in the section headed "Industry Overview" of this circular for further details.

Before the relevant government department issues any certificate, licence, approval or permit, members of the Target Group China are required first to meet the relevant specific conditions. There is no assurance that they will not encounter any delay or difficulty in obtaining or renewing certificates, licences, approvals or permits in the future. In the event that any member of the Target Group China fails to do so, or a serious delay occurs in during the process, the Target Group China may not be able to continue its business, and the financial condition and operating results of the Restructured Group will be adversely affected as a result.

The Chinese government has been adopting increasingly stringent environmental protection requirements, which could affect the business of the Target Group China.

The operations of the Restructured Group require a substantial number of government approvals, and the Target Group China is subject to a broad range of laws and regulations governing various matters. In particular, the continuance of the operations of the Target Group China depends upon compliance with the applicable environmental, health and safety, fire prevention and other regulations. Any change in the scope or application of these laws and regulations may limit the production capacity of the Restructured Group or increase its cost of operation and could therefore have an adverse effect on the business operations, financial condition and operating results of the Target Group China. Any failure to comply with these laws and regulations could result in fines, penalties or legal proceedings. There can be no assurance that the Chinese government will not impose additional or stricter laws or regulations, compliance with which may cause the Target Group China to incur significant capital expenditures, which it may not be able to pass on to its customers.

Future movements in exchange rates may adversely affect the financial condition and operating results of the Restructured Group.

A portion of the sales of the Restructured Group are denominated in RMB, which is currently not a freely convertible currency. At the same time, the Restructured Group incurs a portion of its cost of sales in US dollars and other currencies when it purchases imported production equipment, components and raw materials. The value of the RMB is subject to changes in the policies of the Chinese government and to international economic and political developments. Effective from 21 July 2005, the RMB is no longer pegged solely to US dollars. Instead, it is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.3% a day. On 21 May 2007, the PBOC expanded the floating range of the trading price of US dollars against the RMB in the inter-bank spot foreign exchange market. The exchange rate may become volatile, the RMB may be revalued further against US dollars or other currencies, or the RMB may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the RMB against US dollars or other currencies. Fluctuations in exchange rates may adversely affect the value, when translated or converted into US dollars or Hong Kong dollars (which are pegged to US dollars), of the net assets or earnings of the Restructured Group, or any declared dividends. Any unfavourable movement in the exchange rate may lead to an increase in the cost of operation of the Restructured Group, a decline in sales, or an increase in the loan liabilities of the Restructured Group, which could materially affect the operating results of the Restructured Group. As at the Latest Practicable Date, the Group and the Target Group had not entered into any agreement to hedge its exchange rate exposure.

The accession of China to the WTO requires the Chinese government to reduce import tariffs for products which compete or may compete with those of the Restructured Group, and may result in increased competition.

The accession of China to the WTO will increase competition of the Restructured Group from major international competitors. On 11 November 2001, China signed and ratified the protocol on its accession to the WTO, which includes the terms of membership and the schedule of its commitment on market access for goods and services. Effective from 11 December 2001, China has become a full member of the WTO, as a result of which there would be reduction or elimination of trade barriers, including reducing import tariffs on products and eliminating quotas and non-tariff barriers for imports products.

A manufacturer (including any international competitor of the Restructured Group) who qualifies as a "Hong Kong company" under the Closer Economic Partnership Arrangement (CEPA) signed between China and Hong Kong enjoys a zero import tariff with effect from 1 January 2004. Increases in international competition and the reduction of the protections currently provided by the existing import tariffs in China may have a material adverse effect on the operating results of the Restructured Group.

The control over foreign currency exchange by the Chinese government may limit the foreign exchange transactions of the Restructured Group.

Under the existing foreign exchange regulations in China, members of the Restructured Group in China may undertake current account foreign exchange transactions, including payment of dividends, without prior approval from SAFE, by producing commercial documents evidencing those transactions, provided that they are processed through designated banks licensed to engage in foreign currency transactions. Foreign exchange transactions for capital account purposes, which may include purchasing some of the assets to be used in the future operations of the Restructured Group, however, require the prior approval of SAFE or its designated local branches. If any member of the Restructured Group in China is unable to obtain SAFE approval to convert RMB into foreign currencies for those purposes, the capital expenditure plans or material procurements of the Restructured Group and, consequently, its financial condition and operating results could be adversely affected.

There are uncertainties regarding the interpretation and enforcement of PRC laws and regulations, which could adversely affect the business of the Restructured Group.

Most of the operations of the Restructured Group are, and will continue to be, conducted in China. The legal system of China is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws and regulations in relation to economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation, and trade.

Nevertheless, as these laws and regulations have not been fully developed and there is only a limited volume of published cases (which in any event are of a non-binding nature), the interpretation and enforcement of these laws and regulations involve some uncertainties, which may lead to additional restrictions and uncertainty for the business of the Restructured Group.

It may be difficult to effect service of process upon the Directors or the management of the Target Group China who reside in China, or to enforce against them in China any judgment obtained from non-Chinese courts.

Most of the Directors and substantially all members of the management of the Target Group China reside within China, and substantially all of their assets are located within China. No treaties have been entered into by the Chinese government for the reciprocal recognition and enforcement of judgments of courts with the US, the UK, Japan and other countries. Accordingly, it may not be possible for investors to effect service of process upon those persons in China, or to enforce against them in China any judgment obtained from a non-Chinese court. In addition, recognition and enforcement in China of any judgment obtained from a court of any other jurisdiction in relation to any matter to subject to a binding arbitration provision may be difficult or impossible.

The possible re-occurence of an outbreak of Severe Acute Respiratory Syndrome ("SARS") and the potential outbreak of avian flu or H1N1 influenza A worldwide, and concerns over the spread of these diseases in Asia and elsewhere, have caused, and may continue to cause, damage to economies, financial markets and business activities in Asia and elsewhere, which in return could adversely affect the business of the Restructured Group.

In 2003, certain regions of China and certain other Asian countries encountered an outbreak of SARS, a highly contagious disease. The SARS outbreak had a significant negative impact on the economy of China and of the Asia-Pacific region at that time. Concerns have also been raised with respect to the spread of avian flu or H1N1 influenza A worldwide in recent years. The possible re-occurence of an outbreak of SARS, the potential outbreak of avian flu and H1N1 influenza A, or any similar adverse public health development may result in health or other government authorities in China or other countries and international organisations imposing transportation restrictions between countries and regions. This would directly or indirectly have an adverse impact on trade and the general economy of China, which may affect the demand for the products of the Restructured Group and its operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE NETHERLANDS, DENMARK AND BELGIUM

The technologies and designs of the Target Group Europe may not be adequately protected, and its rights to use certain technologies and designs could be challenged.

The success of the Target Group Europe depends upon its proprietary technologies and designs used in the production of stainless steel tanks. In respect of these technologies and designs, no patents, patent applications, designs or other rights regarding process and storage tanks have been registered by any member of the Target Group Europe. Since the combination of these technologies and designs is a form of know-how already made available to the public, it is unlikely that that knowledge is patentable due to lack of novelty. The know-how is not protected, for example, by means of non-disclosure agreements or other confidentiality obligations. In any event, the rights of design do not subsist in features of appearance of a product which are dictated solely by its technical function. No copyrights are owned by any member of the Target Group Europe, for example, in respect of the contents of the know-how documentation.

In the light of the above, there is no assurance that the Target Group Europe is capable of ensuring that it will be able to protect its rights fully and prevent third parties from using or copying its technologies and designs under the laws of the Netherlands, Denmark or Belgium. Any significant infringement on any such technology or design or the counterfeiting of any of the products of the Target Group Europe on a significant scale may result in a loss of market share and adverse impact on the business of the Target Group Europe. There is also no assurance that a third party will not be able to successfully challenge its right to use certain technologies and designs.

The outcome of any legal proceedings pursued by members of the Target Group Europe to defend its rights to its technologies and designs and to use other technologies and designs employed in the manufacturing of its products, including those in the public domain, would be uncertain and could directly impact the sales of particular tank models of the Target Group Europe. In addition, litigation regarding technologies and designs or the competitive practices of the Target Group Europe could be costly and consume vital resources, which could have a negative impact on the financial condition and operating results of the Target Group Europe.

The operations of the Target Group Europe are subject to extensive government regulations that could cause it to incur cost that materially and adversely affect its business and operating results.

The operations of the Target Group Europe are subject to extensive government regulations, including employment, environmental, health and safety and other laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including waste treatment, soil remediation, and emission and disposal of asbestos and PCB. They provide for penalties and other liabilities for the violation of those standards, and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Any failure of any member of the Target Group Europe to comply with the applicable employment, environmental, health and safety or other laws and regulations could result in the imposition of significant liabilities for damages, clean-up cost or penalties, or suspension of its right to operate where there is evidence of serious breach. Those cost or disruptions in operations could materially and adversely affect the business and operating results of the Target Group Europe.

There is no assurance that more onerous employment, environmental, health and safety laws, policies and standards (including environmental rehabilitation requirements) will not be implemented by the relevant government authorities in the Netherlands, Denmark or Belgium in the future that would require the Target Group Europe to undertake costly measures or to obtain additional approvals. The business and operating results of the Target Group Europe could be materially and adversely affected by any obligation which may be imposed under any new law, policy or standard.

Fluctuations in exchange rates could materially and adversely affect the operating cash flows and profitability of the Target Group Europe.

Fluctuations in the exchange rate of the US dollar relative to EURO could materially and adversely affect the cash flow and earnings of the Target Group Europe. The operating cost of the Target Group Europe is denominated in EURO. The financial results of the Target Group Europe are published in EURO. Accordingly, if the US dollar weakens relative to the EURO, or if the US dollar appreciates relative to the EURO, the consolidated financial results of the Restructured Group which will be reverted in HKD (which is pegged to the US dollar), could be materially and adversely affected.

It could be difficult for investors to enforce any judgment obtained outside the Netherlands, Denmark and Belgium against the management of the Target Group Europe.

Substantially all of the members of the management of the Target Group Europe are residents of the Netherlands. A substantial portion of their assets are and may be located in jurisdictions outside Hong Kong. It could be difficult for investors to effect service of process within Hong Kong on the management who reside outside Hong Kong or to recover against them on judgments obtained from Hong Kong courts.

If a judgment is obtained against any of those management in a Hong Kong court, it is likely that a new court case will have to be filed into the local court in order to attempt to enforce the judgment in the Netherlands, Denmark or Belgium.

RISKS RELATING TO THIS CIRCULAR

Certain statistics contained in this circular were derived from official government publications and have not been independently verified.

Certain statistical and other information contained in the sections headed "Letter from the Board", "Industry Overview", "History and Background of the Target Group", "Business of the Target Group" and "Relationship with the Controlling Shareholder" of this circular which relate to China and Europe is derived from official government publications as referred to in this circular. The quality and accuracy of such sources cannot be guaranteed. Further, statistics derived from such sources may not be prepared on a comparable basis. None of the Company, the Joint Sponsors or their respective advisers have verified the accuracy of the information contained in such sources. No representation is made as to the correctness or accuracy of such information and, accordingly, such information should not be unduly relied upon.

Certain information presented in this section has been extracted from official government publications more specifically described in this circular. Reasonable care has been exercised by the Directors in extracting such information from the sources referred to. This information has not been independently verified by the Company and the Joint Sponsors, or any of their respective directors, agents or advisers. Such information may not be consistent with other information compiled within or outside China and you should not rely unduly on it.

AN OVERVIEW OF THE INTERNATIONAL TRANSPORTATION, STORAGE AND PROCESSING EQUIPMENT MARKET

The Target Group is engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries.

Global energy industry

Driven by the growth in the world economy, the consumption of primary energy (which comprises oil, natural gas, coal and nuclear electric power) in the world has experienced continuous growth since the 1990's. In recent years, owing to the above-average economic growth worldwide, growth in global primary energy consumption has remained robust.

There is a large discrepancy in the growth of energy consumption across different regions. In 2007, the Asia-Pacific region accounted for approximately two-thirds of the growth in global energy consumption. It is anticipated that the demand for energy in developing countries with strong economic growth, such as China and India, will continue to be the major driving force for the development of the global energy industry. According to the IEA, China is currently the second largest energy consumer in the world (after the US), and it is anticipated that China will overtake the US to become the largest energy consumer in the world soon after 2010. A survey carried out by the IEA indicates that the primary energy consumption in the world is projected to grow by approximately 55% between 2005 and 2030, and China and India alone will account for approximately 45% of that increase.

According to the information provided by BP, consumption of primary energy in China increased from approximately 967.3 Mtoe in 2000 to approximately 1,863.4 Mtoe in 2007, representing an increase of approximately 92.6%, or a CAGR of approximately 9.8% over the period 2000 to 2007. Coal remains the dominant fuel for power generation in China by reason of its low cost and the abundant coal resources in China. The significant reliance on coal as the primary source of energy continues to cause severe environmental pollution. Further, the demand for oil in China has increased sharply, primarily stimulated by the rapid growth in its transportation sector.

The table below shows a breakdown of the primary energy consumption in China by different types of energy sources in 2000 and 2007, and the respective growth rates during the relevant periods:

Primary Energy Consumption in China (2000 and 2007)

	Mtoe		Share (%)		CAGR (%)
Primary energy consumption	**2000**	**2007**	**2000**	**2007**	**2000-2007**
Coal	667.4	1,311.4	69.0	70.3	10.1%
Oil	223.6	368.0	23.1	19.7	7.4%
Natural gas	22.1	60.6	2.3	3.3	15.5%
Nuclear energy	3.8	14.2	0.4	0.8	20.7%
Hydro-electricity	50.3	109.3	5.2	5.9	11.7%
Total	967.2	1,863.5	100	100	9.8%

Notes: Total may not equal sum of components due to independent roundings. Primary energy in this table excludes wind, geothermal, solar power generation and fuels such as wood, peat and animal waste.

Source: BP

Natural gas is a primary energy source which has increasingly wide applications in power generation, various industries and everyday life. Natural gas is an important energy source by reason of its relative fuel efficiency, as well as the fact that it is a cleaner energy source than oil and coal. According to the information provided by BP, in 2007, the consumption of natural gas accounted for approximately 23.8% of the total primary energy consumption in the world. Natural gas also remains a key fuel in the electric power and industrial sectors. It is an attractive choice for new generation plants as natural gas increasingly enjoys price advantages over oil as a result of high oil prices. In addition, as governments around the world, including China's, are implementing national and regional plans to reduce carbon dioxide emissions, they are encouraging the use of natural gas as a cleaner alternative to oil and coal.

According to the information provided by BP, natural gas consumption in China was approximately 67.3 billion cubic metres in 2007, while the world's total consumption was approximately 2,921.9 billion cubic metres in the same year. Natural gas consumption per capita in China, calculated based on China's population of approximately 1.32 billion, was approximately 51 cubic metres in 2007, compared to the world's natural gas consumption per capita of approximately 442 cubic metres calculated based on global population of approximately 6.61 billion in the same year. The relatively low usage of natural gas in China indicates significant growth potential for the natural gas market in China. In 2000, China consumed approximately 22.1 Mtoe of natural gas, accounting for approximately 2.3% of the total primary energy consumption in the country, whilst in 2007, the consumption and percentage ratio were increased to approximately 60.6 Mtoe and approximately 3.3%, respectively, representing a CAGR of approximately 15.5% over the period 2000 to 2007.

To combat the environmental pollution resulting from the reliance on coal as a primary energy source, and to tackle the issues arising from the insufficient oil resources in China and high oil prices, the Chinese government has formulated various policies to encourage the use of clean energy such as natural gas. It has made significant investments in natural gas exploration and production in recent years, and the development of oil and natural gas fields in the western regions, such as the Talimu Basin, has made significant progress. In the late 1990's, the Chinese government launched 國家清潔汽車行動 (National Clean Vehicle Compaign) to promote the use of natural gas for vehicles. Certain major cities in China, including Beijing, Shanghai and Chongqing, have promulgated rules to implement the governmental policy of encouraging and requiring the use of environmentally-friendly vehicles, including natural gas vehicles. Now a large number of vehicles in those cities use natural gas as fuel, resulting in an increasing demand for natural gas refuelling stations. Under 第十一個五年計劃 (Eleventh Five-Year Plan), the Chinese government aims to increase the percentage of natural gas consumption in the total energy consumption from approximately 4.7% in 2005 to 5.3% by 2010.

Historically, the natural gas consumption in China was limited to areas close to gas fields, mainly owing to the lack of infrustructure such as long-distance pipelines for transportation of the product. Natural gas is supplied by gas fields which are located across the country, primarily in the remote western regions, and there are diversified supply sources ranging from domestic gas fields to overseas exporters. For this reason, the Chinese government has made significant investments in natural gas infrastructure projects. In 2004, the construction of a 4,000 km-long "West-to-East Pipeline" which ran through nine provinces was completed. In 2006, the first LNG import terminal in China commenced operation in Guangdong Province. 第十一個五年計劃 (Eleventh Five-Year Plan) adopted at the first meeting of the 第十屆全國人大 (Tenth National People's Congress) saw the commitment of the Chinese government to the further acceleration in construction of natural gas pipelines. The significant investments in natural gas infrastructure by the Chinese government will result in wide applications of natural gas, which will, in turn, call for the supply of sufficient equipment to transport the product. A fast-growing natural gas market will generate tremendous business opportunities for manufacturers of natural gas transportation, storage and processing equipment.

A large portion of the natural gas in the world is used for industrial purposes, and the share of the industrial sector in the global industrial gas consumption is projected to increase steadily in the future. The application of natural gas in the industrial sector underpins the demand for transportation, storage and processing equipment. In particular, the transportation and storage of liquefied natural gas requires specialist cryogenic equipment to meet specific temperature and pressure requirements.

Global chemical industry

Chemicals are critical to many different sectors of the economy including agriculture, automobile, industrials, pharmaceuticals, as well as consumer products. As a result, the chemical industry contributes to a large portion of the global GDP and the performance of the chemical industry is linked closely to global macro-economic trends. Therefore, chemical demand is rising rapidly in countries experiencing high economic growth, especially in countries such as China, India and nations in the Middle East. The large variety of chemical products has created demand for transportation and storage equipment. The development of the manufacturing industry has stimulated the consumption of industrial gases, thus becoming the driving forces of demand in storage and transportation equipment.

Between 1997 and 2007, the revenue generated by the global chemicals industry grew at a CAGR of approximately 4.9% to reach approximately EURO 2,292 billion in 2007, according to the Association of the German Chemicals Industry (VCI). Asia has the largest and fastest growing chemicals industry, of which China accounts for approximately 33.6% and Japan accounts for approximately 27.3%. The Chinese chemicals industry grew at a CAGR of approximately 15.3% between 1997 and 2007 and represented approximately 10.5% of the global chemicals industry in 2007. Furthermore, China accounts for approximately 35% to 40% of the growth in chemical demand in the world.

The table below shows the market size (by revenue) of the global chemicals industry in 2007:

Region	Market size in 2007	CAGR 1997-2007
	(EURO bn)	
EU-27	699	4.4%
North America	586	3.8%
Asia	720	6.0%
Other	288	5.7%
World	2,292	4.9%

Source: VCI (Association of the German Chemicals Industry)

According to the information provided by Air Liquide, the global industrial gas market generated revenues of approximately EURO 45 billion in 2007, of which North America and Western Europe accounted for approximately half and Asia-Pacific (excluding Japan) accounted for approximately one quarter. Air Liquide estimates that between 2007 and 2011, the industrial gas markets in North America, Western Europe and Japan will grow at a CAGR of approximately 5% on average, which contrasts a CAGR of more than 10% for developing markets.

The robust domestic demand in China and its distinct manufacturing cost advantages over industrialised nations have turned it into a major consumer and producer of chemicals including industrial gases. These factors have led to an increasing number of multinationals relocating their chemical production bases to Asia as well as the development of local chemicals manufacturers. Today, more than half of the global production of textile fibres takes place in the Far East region, of which China accounts for approximately 50%.

Global liquid food industry

The global liquid food market comprises soft drinks, alcoholic drinks (including beer, wine and spirits), milk, sauces and soup. According to Euromonitor, the total consumption of liquid food in 2007 was estimated to be approximately 882.3 billion litres, of which soft drinks, alcoholic drinks and milk accounted for approximately 57.0%, 25.5% and 14.2%, respectively. Between 2001 and 2007, the global consumption of liquid food grew at a CAGR of approximately 4.4%.

Although the global liquid food industry is mature in developed markets such as Western Europe, North America and Japan, robust economic growth in major developing countries such as China and India is resulting in strong growth of regional liquid food markets. China is currently undergoing the most rapid urbanisation in history. Although over 80% of its population inhabited rural areas as recently as 1980, China's urban population is likely to become a majority by around 2010. The increase in the purchasing power of Chinese consumers, coupled with the growing customer base for liquid foods products, has contributed to the growth in the liquid food industry in China. According to Euromonitor, between 2001 and 2007, Chinese consumption of liquid foods grew at a CAGR of approximately 11.6% and accounted for approximately 11.8% of global consumption in 2007.

The Chinese beer industry reflects the broader trends in the overall liquid foods market in China. According to the latest released data from the National Bureau of Statistics of China, the total volume of beer production in China was 41 billion litres in 2008, approximately 4% growth from the previous year. This compares to an import volume of beer in 2008 of just 28 million litres, highlighting the significant growth of China's domestic beer industry. China is the world's largest beer market and the taste and quality of domestic beer is good enough to be accepted by local consumers. However, the major international breweries such as Heineken, Coors and Kirin have set up their production bases in China as well.

The growing demand for liquid food products in developing markets is also the driving force of growth in transportation, storage and processing equipment. The transportation, storage and processing of liquid food products requires specialist engineering skills. Because of the biological and perishable nature of liquid foods, and the constant risk of contamination by microorganisms and insects, the design of equipment in this industry poses special challenges. Such equipment design considerations include using approved construction materials (such as stainless steel) and using precise control systems to manage the temperature, humidity and pressure within acceptable tolerance levels.

An introduction to tank containers

Tank containers are pressure vessels constructed mainly from stainless steel and carbon steel designed for transporting internationally traded liquids, industrial gases and powders. They are a form of intermodal transportation equipment, which was developed in Europe during the 1960s as a solution for reducing handling cost of liquid cargoes between port, rail and road links. In the 1970s, tank container specifications were standardised to take advantage of the growing infrastructure for handling ISO freight containers, which enabled port, rail and road haulage operators to handle door-to-door movements of liquid cargo seamlessly. From 1990 to 2007, the demand for tank containers has grown at an average rate of approximately 10% per annum, outstripping growth of world trade.

Today, tank containers are an integral part of the growing international transport industry and they represent one of the most efficient, safest and cost effective methods for transporting liquids, industrial gases and powders. In many cases, the most efficient way of transporting hazardous cargos, such as industrial gases, is through custom-made cryogenic tanks. Tank containers are manufactured using precision technology, advanced materials and are constructed under stringent national and international guidelines. The average selling price of a tank container in the first half of 2008 was approximately US$30,000 (equivalent to approximately HK$234,300) per unit, which was around fifteen times the average selling price of a dry freight container. Demand for tank containers derives primarily from the chemicals industry but also from markets such as foodstuffs and beverages.

Tank container market

Liquids can be transported in one of three ways: (i) by sea or inland waterway in bulk by tankship; (ii) in packaged drums or IBCs; which are sometimes placed inside freight containers or (iii) in tank containers. Cargo owners select their mode of transport based on cost, safety and convenience.

For high volumes of relatively low value cargo, it can be inefficient or uneconomic to use tank containers, and in such cases transportation by tankship is preferred. Most of the chemical and beverage trade gained by tank containers would otherwise be transported in drums or IBCs. Drums are cheap, disposable and require little specialised handling equipment and, therefore, retain a high share of the total transportation market, especially in unsophisticated markets that do not have specialised infrastructure to handle tank containers.

Tank containers have a significant advantage over all alternative forms of transportation in that they are inherently safe. Safety and regulatory compliance is critical for chemicals companies and transportation operators. Very few incidents are reported of damaged or leaking tank containers. Compared to alternative forms of transportation, tank containers offer cargo owners additional security and product integrity, particularly for substances that are highly aggressive, toxic or those which, because of purity requirements, need to avoid contamination (such as high value beverages and certain chemicals). The high level of security offered by tank containers includes both ecological security and product stewardship (important for the heightened security requirements since the events of 11 September 2001).

Substitution between alternative transportation types is relatively low in mature markets, although there is some substitution inspired by comparative cost movements or regulatory changes. Cargo owners generally know which kind of transportation is appropriate on a particular trade.

Due to the need for specialised handling equipment, regular backhaul cargos and cleaning stations, most tank container movements form part of a regular trade. This means that their main market is with large chemical companies rather than small companies or traders. Increasing consolidation of the chemicals industry is leading to wider use of tank containers. In 2007, the ten largest chemicals companies measured by revenue accounted for just 11.3% of the global chemicals industry.

The major long-haul routes for tank container traffic are:

- Europe/US and US/Europe
- Europe/Asia
- US/Asia
- Intra-Asia (especially Singapore/North Asia)

Tank container fleet

Like other sectors, the chemicals and beverages industries have been subject to two major trends over the past decade: increasing globalisation and a focus on core operations. These trends have combined to create a large outsourced logistics industry, whose operators can manage the whole supply chain of inbound and outbound cargo movements. These logistics operators do not necessarily own or control the equipment used to transport the cargo, which may be owned by specialist leasing companies. These two constituents of the transport industry — logistics operators and equipment lessors — are the two primary customer segments for the tank container manufacturing industry.

According to records provided by Hazardous Cargo Bulletin, it is estimated that the total fleet of tank containers at the end of 2007 was more than 200,000 units, of which approximately half were lessor-owned and approximately half were owned by tank container operators or shippers, shipping lines or other interests. Of the lessor-owned fleet, approximately 40,000 units, were in service with tank container operators. Based on a long term 80% average utilisation rate, this suggests that approximately 55,000 units were on hire at any given time to shippers, shipping lines or other interests.

	Operators' fleet of tank containers		Lessors' fleet of tank containers	
	Number of units	**Annual growth**	**Number of units**	**Annual growth**
2000	88,503	N/A	87,779	N/A
2001	92,247	4.2%	90,453	3.0%
2002	85,291	(7.5)%	92,594	2.4%
2003	95,536	12.0%	93,107	0.6%
2004	112,342	17.6%	101,044	8.5%
2005	122,689	9.2%	98,600	(2.4)%
2006	121,643	(0.9)%	101,875	3.3%
2007	141,926	16.7%	110,539	8.5%
Average		7.3%		3.4%

Source: Hazardous Cargo Bulletin

The tank container operator sector is relatively fragmented with four operators controlling more than 10,000 units and a long tail of smaller operators. The top four operators accounted for approximately half the operators' overall fleet in 2007. Between 1990 and 2000, the operators' overall fleet grew at an average growth rate of approximately 12.6% to reach 88,503 units in 2000. Between 2000 and 2007, the operators' overall fleet grew at an average growth rate of approximately 7.3% to reach 141,926 units in 2007. Standard chemical tank containers accounted for approximately 70-80% of the operators' fleet and pressurised gas, cryogenic gas, foodstuffs, dry bulk and other specialty containers accounted for approximately 20-30% of the operators' fleet. The proportion of standard tank containers has decreased in recent years, due to faster growth in the specialty tank container segments.

The lessor-owned fleet has grown more slowly than the operator-owned fleet. Two companies, Exsif Worldwide and Eurotainer, accounted for almost half the lessors' overall fleet in 2007. Between 1990 and 2000, the lessor's overall fleet grew at an average growth rate of approximately 11.3% to reach 87,779 units in 2000. Between 2000 and 2007, the lessor's overall fleet grew at an average growth rate of approximately 3.4% to reach 110,539 units in 2007. The lessors' fleet has a higher proportion of specialty containers compared to the operators' fleet because operators rely more on lessors as providers of specialty tank containers.

The past two years have seen an increase in sales of swap tanks to operators. These tanks have an ISO frame but the barrel extends outside the frame at either end, offering greater capacity. They cannot, however, be used on container ships and are generally used to take advantage of vehicle weight limits. As they are restricted to road and rail applications (and, possibly, inland waterway), they are generally employed on intra-regional trades.

In the early 2000s, some of the tank container operators and lessors experienced financial difficulties, having over-ordered new tanks in the late 1990s. Several large companies stopped trading or withdrew from the tank container sector. Some European and South African tank container manufacturers also withdrew from the market.

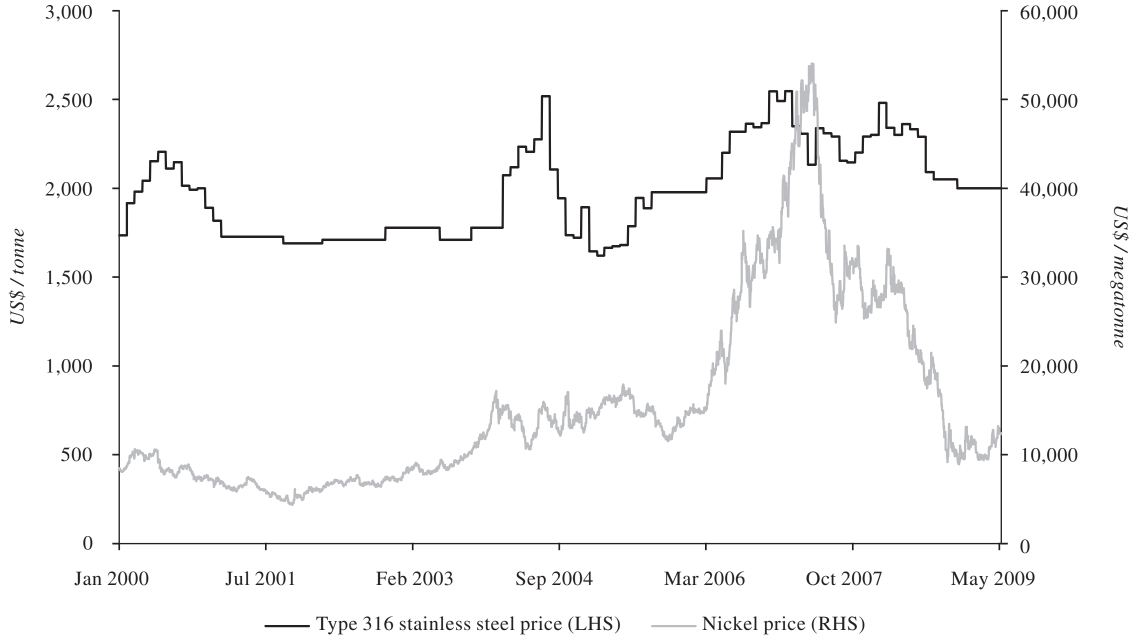
The market picked up sharply around 2003, with a lot more confidence from the remaining large players amidst robust demand for tank containers, especially from new shippers in Asia. It was around this time that CIMC entered the market for manufacturing tank containers with a competitively priced product range, which helped stimulate demand. The market slowed sharply in 2006 in response to rapidly rising stainless steel prices (mainly caused by the escalating price of nickel). Operators and lessors initially held off from buying new tank containers to wait for prices to decrease. However, by 2007 there was significant pent-up demand for tank containers, particularly form Asia, and operators and lessors had to purchase new tank containers to expand their fleet despite high prices. Steel prices have subsequently decreased since reaching recent highs.

Demand for tank containers continued to be robust in 2008, driven by ongoing growth in the chemicals trade. A study commissioned in 2006 by the International Tank Container Organisation found that chemical producers' demand for tank containers is expected to grow by as much as 10% per year in key markets for the foreseeable future. The main downside risk to tank container demand lies in rising fuel cost, which make it more expensive to transport cargo and may ultimately discourage long-haul trade.

Raw materials

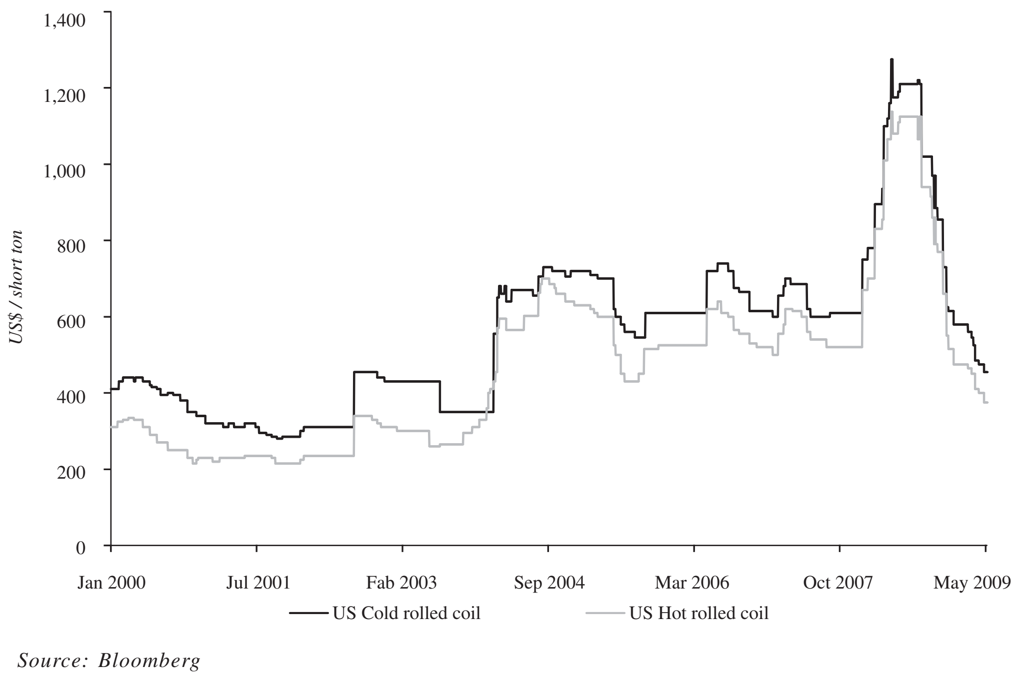
The key raw material used for manufacturing equipment for the transportation, storage and processing industries includes stainless steel and steel coils. Aside from carbon steel, nickel is an important constituent of stainless steel and is a key factor influencing the market price of stainless steel.

Price of nickel and stainless steel



Source: Bloomberg

Price of cold rolled coils and hot rolled coils



Source: Bloomberg

REGULATORY OVERVIEW OF CHINA

Pressure vessels

GAQSIQ is the government authority responsible for the safety supervision and administration of special equipment manufactured and used in China. The Special Equipment Licensing Office of GAQSIQ is in charge of issuing special equipment licences and conducting industrial surveys for GAQSIQ. It also maintains a database of domestic and overseas special equipment manufacturers which have obtained the special equipment licences.

On 1 January 2003, GAQSIQ promulgated《鍋爐壓力容器製造監督管理辦法》(Supervision and Administration Regulations on Manufacture of Boilers and Pressure Vessels). These regulations aim to regulate the manufacturing and sales of boilers and pressure vessels in China to ensure their compliance with safety performance standards applicable to human beings and properties. Three implementing rules, namely,《鍋爐壓力容器製造許可條件》(Requirements for Boilers and Pressure Vessels Manufacture Licensing),《鍋爐壓力容器製造許可工作程序》(Procedures for Manufacture Licensing of Boilers and Pressure Vessels), and《鍋爐壓力容器產品安全性能監督檢驗規則》(Supervision and Inspection Rules for Safety Performance of Boilers and Pressure Vessels Products), took effect on 1 January 2004. These regulations and implementing rules provide that: (1) all boilers and pressure vessels products manufactured or used in China are subject to the registration, mandatory supervision and inspection for safety performance requirements; (2) manufacturers are required to apply for special manufacturing licences before they are permitted to sell their products in China; (3) manufacturers are required to meet specific standards set out in these regulations and implementing rules, and their products are required to pass the required trial-production test in order for them to obtain the manufacturing licences; (4) manufacturers can only produce those categories of products stated in their licences (currently,《鍋爐壓力容器製造監督管理辦法》(Supervision and Administration Regulations on Manufacture of Boiler and Pressure Vessels) have categorised all pressure vessels into four grades: A, B, C and D grades); (5) a manufacturing licence is valid for a period of four years and is subject to renewal; (6) the safety performance of boilers and pressure vessels will be inspected in the manufacturing process; and (7) the manufacturing licence of a manufacturer will be suspended or revoked if its products have serious problems or do not meet the requirements for obtaining and maintaining a manufacturing licence.

In August 2002, GAQSIQ announced《壓力容器壓力管道設計單位資格許可與管理規則》(Administrative and Qualifying Rules for the Design of Pressure Vessels and Pipelines). These rules provide that pressure vessels designing institutions and manufacturers are required to obtain the necessary qualifications required for designing pressure vessels.

The State Council promulgated《特種設備安全監察規例》(Regulations on Safety Supervision of Special Equipment) on 11 March 2003 to oversee the safety performance of production process (including design and manufacturing), testing and examination process and associated service (including installation, alteration, maintenance and repair) of special equipment, including boilers, pressure vessels and pressure pipelines.

According to the Notice in relation to《關於車輛生產企業及產品目錄管理改革有關問題的通知》(Reform of Vehicles Production Enterprises and Products Record Management) promulgated by the then 國家經濟貿易委員會 (State Economic and Trade Commission) ("**SETC**") on 22 May 2001, all automobile manufacturers and the models of vehicles manufactured by them are required to be registered on the Nation-wide Catalogue of Enterprises engaged in the Production of Automobiles, Modified Automobiles and Motorcycles and Related Products ("**Approved Catalogue**") before they can legally sell their products in China. The names of the automobile manufacturers and the model number of automobiles, which have been approved by SETC, will be published by way of public notice.

According to《强制性產品認證管理規定》(Regulation for Compulsory Product Certification) promulgated by GAQSIQ on 21 November 2001 which took effect from 1 May 2002 and《汽車產業發展政策》(Automobile Industry Development Policies) promulgated by the 國家改革與發展委員會 (National Development and Reform Commission) ("NDRC", the successor to SETC) on 21 May 2004, all models of vehicles approved by SETC and NDRC are required to pass the mandatory certification and carry the label of China Compulsory Certification (3C). The Company has obtained the relevant registration under the No. 40 Approved Catalogue published by NDRC on 13 July 2004 for selling its trailer and tank truck products in China.

Compressors

According to《工業產品生產許可證管理條例》(Administrative Regulations on Industrial Product Manufacturing Licence) promulgated by the State Council on 7 July 2005, an "Industrial Product Manufacturing Licence" is required for the manufacturing of compressor products which are set out in a catalogue promulgated by the relevant government authorities, as amended from time to time.

As at the Latest Practicable Date, based on information available to the Directors, except as disclosed in the sub-section headed "Land and Buildings" in the section headed "Business of the Target Group", the PRC legal advisers to the Company and the Directors are of the view that the Target Group China had been in compliance with the relevant laws and regulations in all material respects, including laws and regulations relating to environmental protection, safety, labour and social security, and have obtained all licences, approvals and permits from the relevant regulatory authorities for the Target Group China's business operations.

REGULATORY OVERVIEW OF THE NETHERLANDS

Environmental legislation

The Environmental Management Act protects the environment and applies to all persons, including legal persons. It is a framework act and provides the general rules for environmental management. More specific rules are set out in detail in several decrees and orders. The provisions for establishments (*inrichtingen)* are included in the Activities Decree *(Activiteitenbesluit)*.

The Activities Decree mentions three types of businesses, namely Type A, Type B and Type C businesses. Basically Type A is used for businesses which sporadically pollute the environment, Type C is used for heavy industry, and Type B is used for the businesses falling between Type A and Type B businesses. Type A and Type B businesses are required to comply with the Environmental Management Act and the Activities Decree, but do not need any permit under the Environmental Management Act. Type B businesses are, in addition, required to notify the relevant competent authorities about expansion or alterations in their business activities. The Activities Decree took effect on 1 January 2008. Before 1 January 2008 most Type B businesses were required to have permits under the Environmental Management Act. The stipulations in those permits are still in effect and will expire after the transition period of three years. Type C businesses, which can cause considerable adverse effects to the environment, are required to have a permit under the Environmental Management Act. The exhaustive list of activities requiring a permit under the Environmental Management Act is included in Appendix 1 to the Activities Decree.

Under Appendix 1 to the Activities Decree, the producing, renovating or cleaning of metal boilers, vessels, tanks or containers with a surface area of 2,000 sq.m. requires a permit under the Environmental Management Act. The businesses of the Target Group Europe in the Netherlands are considered as Type C businesses and therefore require permits under the Environmental Management Act. The permit under the Environmental Management Act is required in order to establish, alter or expand activities listed in Appendix 1 to the Activities Decree.

The permit stipulates which environmental regulations are required to be met by the relevant company. The relevant competent authorities can enforce compliance with those regulations by taking administrative orders. A permit can also be revoked by the relevant competent authorities if the permit regulations are frequently or severely disregarded. The relevant competent authorities can enforce administrative orders, and can even order an establishment to shut down if no permit has been obtained.

Works Council

Under the relevant laws and regulations of the Netherlands, an enterprise established in the Netherlands which has at least 50 employees or where there is such a requirement under the collective bargaining agreement (negotiated between the labour unions and the employer which govern the salary arrangement, working hours, holidays and working conditions of the employees) is required to establish a works council. The members of the works council must have been employed by the enterprise for at least 12 months, and will be elected directly by the employees of the enterprise. The employer must consult the works council for decisions which have a significant impact on financial, economical or organisational matters of the enterprise.

Holvrieka Holding, Holvrieka Nirota, Holvrieka Ido and Noordkoel are members of the Target Group Europe operating in the Netherlands. Based on information available to the Directors, the Directors are of the view that as at the latest practicable date, these entities had obtained or had applied for the relevant licences, certificates, approvals and permits necessary to conduct their operations in the Netherlands, and had complied in all material respects with all applicable laws and regulations in the Netherlands.

REGULATORY OVERVIEW OF DENMARK

Environmental legislation

The Environmental Protection Act regulates all environmental matters relating to the activities carried on by any company in the course of its daily business. These activities are categorised into two types, namely listed activities and other activities.

Under the Environmental Protection Act, listed activities include a list of contaminating businesses, plants and installation processes. The activities carried on by the operating subsidiary of the Target Group Europe in Denmark fall within the category of listed activities.

Prior approvals from the relevant government authorities are required to be obtained to carry on the listed activities. Within the eight years following the grant of an approval, a company is under a special legal protection to the effect that no new or additional requirements may be imposed on the company except only in special circumstances. After the expiration of the eight-year period, the relevant government authorities may alter the terms of the approval if the activities cause any pollution to the environment. A new approval is required if the activities are relocated to another place.

Separate approvals are required for the discharge of waste water to a public waste water treatment plant and for the disposal of waste, such as stainless steel scrap metal and other ordinary waste.

Soil

Under the Soil Contamination Act, all soil contaminated areas in Denmark are categorised into two levels, namely knowledge level one (in the case of suspected soil contamination due to historical activities) and knowledge level two (in the case of established soil contamination). The land on which the buildings and production facilities of Holvrieka Danmark are erected locates in both knowledge level one and two areas.

The designation of an area means that a number of restrictions are imposed on the use of that area. Special authorisations are required for changing the use of a designated area to a sensitive use, (but are not required for changes to other types of industrial or commercial use), or for carrying out building and construction works in designated areas located within areas with particular drinking water interests or a capture zone of a common water supply or in areas of sensitive use.

If soil contamination occurs, the relevant environmental authorities may issue an investigation order requiring the polluter to conduct the necessary investigations of the cause and impact of the pollution, or an enforcement notice requiring the polluter to clean up the pollution and restore the original state of the environment.

Holvrieka Danmark is a member of the Target Group Europe operating in Denmark. Based on information available to the Directors, the Directors are of the view that as at the latest practicable date, Holvrieka Danmark had obtained or had applied for the relevant licences, certificates, approvals and permits necessary to conduct its operations in Denmark, and had complied in all material respects with all applicable laws and regulations in Denmark.

REGULATORY OVERVIEW OF BELGIUM

Environmental legislation

The environmental permit required under Belgian law (under the Flemish Decree of 28 June 1998 and the Vlarem I-regulation) covers all environmental impacts, such as air emissions, water discharges, production and storage of waste, storage of chemicals, and soil pollution prevention. Three categories of activities are defined according to their impact on the environment, namely, class 1 (largest impact), 2 (moderate impact) and 3 (smallest impact). There are different procedures for obtaining the permit of each class. The environmental permit is valid for 20 years, but is required to be renewed on each change or extension of activities.

Soil

In Belgium, specific provisions apply to companies operating a risk activity. The list of risk activities was adopted by the VLAREBO decree, which is the implementing decree of 14 December 2007 relating to the Flemish Regulations of 27 October 2006 on soil clean-up.

Registration as a contractor

Under Belgian law, registration as a contractor proves that the contractor has complied with all obligations towards the treasury and social security, but this is not mandatory. A principal who works with a non-registered contractor, who has debts towards the social security and/or treasury, can be held liable for the debts of the contractor towards the treasury or social security, under the Royal Decree of 27 December 2007.

Holvrieka N.V. is a member of the Target Group Europe operating in Belgium. Based on information available to the Directors, the Directors are of the view that as at the latest practicable date, Holvrieka N.V. had obtained or had applied for the relevant licences, certificates, approvals and permits necessary to conduct its operations in Belgium, and had complied in all material respects with all applicable laws and regulations in Belgium.

COMPLIANCE WITH THE REGULATORY REQUIREMENTS BY THE TARGET GROUP

Based on information available to the Directors, the Directors are of the view that as at the latest practicable date, the Target Group had complied with all the relevant regulatory requirements for its operations in all material respects.

The Target Group has taken the following measures to ensure ongoing compliance with the relevant regulatory requirements: (1) implementing strict quality control measures with a view to maintaining the relevant manufacturing licences and certifications as well as meeting the specific standards required under the relevant regulations; (2) improving its research and development capabilities to ensure the quality of its products and that such products meet the relevant national and industrial standards; (3) providing continuing education and trainings to its staff to ensure their compliance with the relevant regulations and to facilitate the implementation of its internal rules and regulations; (4) implementing strict environmental protection measures and conducting regular inspections on its production sites to ensure compliance with the environmental regulations; (5) taking adequate steps to ensure safety at its work places; and (6) implementing strict internal control measures to ensure compliance with all the relevant regulatory requirements for its operations.

HISTORY OF THE TARGET GROUP

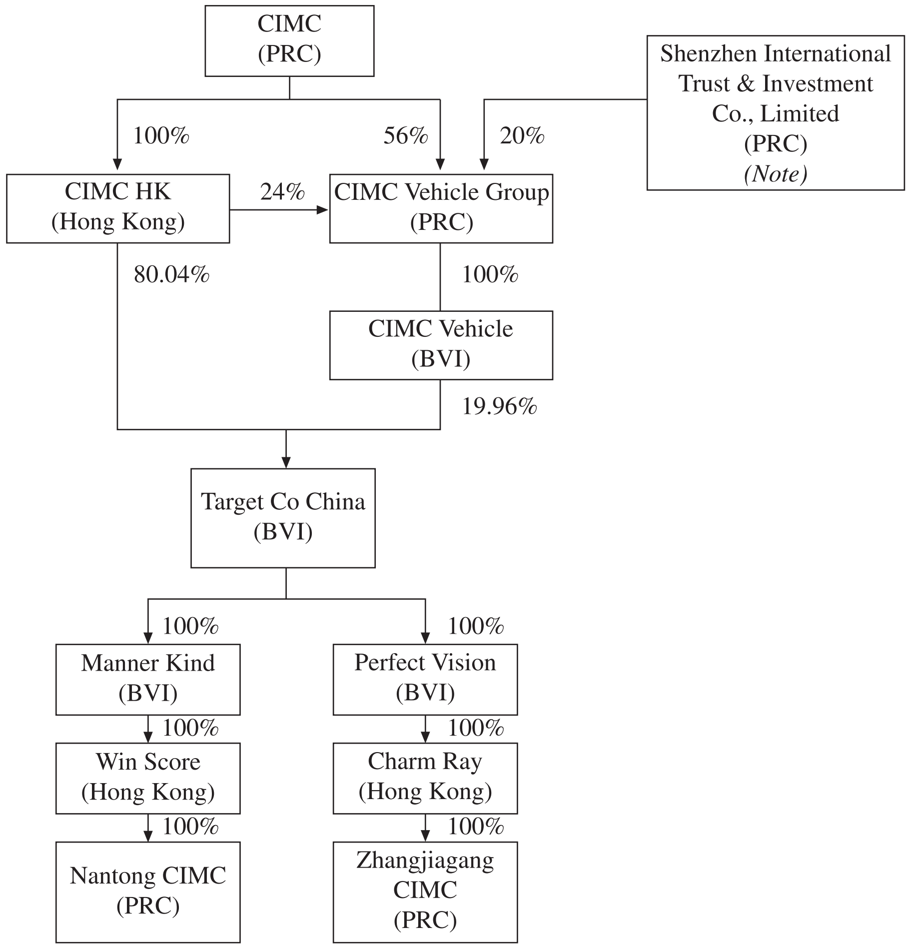
The Target Group China

Target Co China was incorporated under the laws of the BVI with limited liability on 11 December 2007. Following completion of Stage 2 of the Reorganisation (further details of which are set out in the sub-section headed "The Reorganisation" in this section), it has become the holding company of the Target Group China.

The vendors under the China Acquisition Agreement (as amended by the China Supplemental Agreement) are CIMC HK and CIMC Vehicle. Following completion of Stage 5 of the Reorganisation, Target Co China has become beneficially owned as to 80.04% by CIMC HK and as to 19.96% by CIMC Vehicle. CIMC HK was incorporated under the laws of Hong Kong with limited liability and is a direct wholly-owned subsidiary of CIMC. CIMC Vehicle was incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of CIMC Vehicle Group, which, in turn, is beneficially owned as to 56% by CIMC, as to 24% by CIMC HK and as to 20% by 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) *(Note)*.

The two operating subsidiaries of Target Co China, namely Nantong CIMC and Zhangjiagang CIMC, were injected into the Target Group China at Stage 2 of the Reorganisation.

The chart below illustrates the shareholding structure of the group of companies comprising the Target Group China as at the Latest Practicable Date:



Note: CIMC Vehicle is a direct wholly-owned subsidiary of CIMC Vehicle Group, the equity interest of which in turn is owned as to 56% by CIMC and as to 24% by CIMC HK. The remaining 20% equity interest in CIMC Vehicle Group is held by 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units divided into three batches, of which the first batch of 45,000,000 units have been allocated. The remaining second and third batches in a total number of 175,500,000 units will be allocated after the performance appraisals for the year ended 2007 and 2008, neither of which has as yet taken place. Further allocations will be announced by CIMC in compliance with the relevant requirements of the Shenzhen Stock Exchange in due course. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units. Save as disclosed above, based on the information provided by CIMC to the Company, the participants in the plan are Independent Third Parties.

Nantong CIMC was incorporated under the laws of the PRC with limited liability on 14 August 2003 and was indirectly beneficially owned as to an aggregate of 72% by CIMC HK at the time of establishment. On 26 January 2006, it became an indirect wholly-owned subsidiary of CIMC HK through CIMC HK's acquisitions from the other shareholders. At Stage 2 of the Reorganisation, Nantong CIMC was injected into the Target Group China as a direct wholly-owned subsidiary of Win Score.

Zhangjiagang CIMC was incorporated under the laws of the PRC with limited liability on 7 December 1999. On 26 November 2004, CIMC Vehicle Group acquired, in aggregate, a 91% equity interest in Zhangjiagang CIMC from various of the then shareholders of Zhangjiagang CIMC. Following the two increases in the registered share capital of Zhangjiagang CIMC on 27 October 2005 and 6 December 2005, respectively, CIMC Vehicle (a direct wholly-owned subsidiary of CIMC Vehicle Group) became the beneficial owner of a 25% equity interest in Zhangjiagang CIMC, but CIMC Vehicle Group's share of equity interest in Zhangjiagang CIMC was diluted from 91% to 72.05%. At Stage 2 of the Reorganisation, Zhangjiagang CIMC was injected into the Target Group China as a direct wholly-owned subsidiary of Charm Ray.

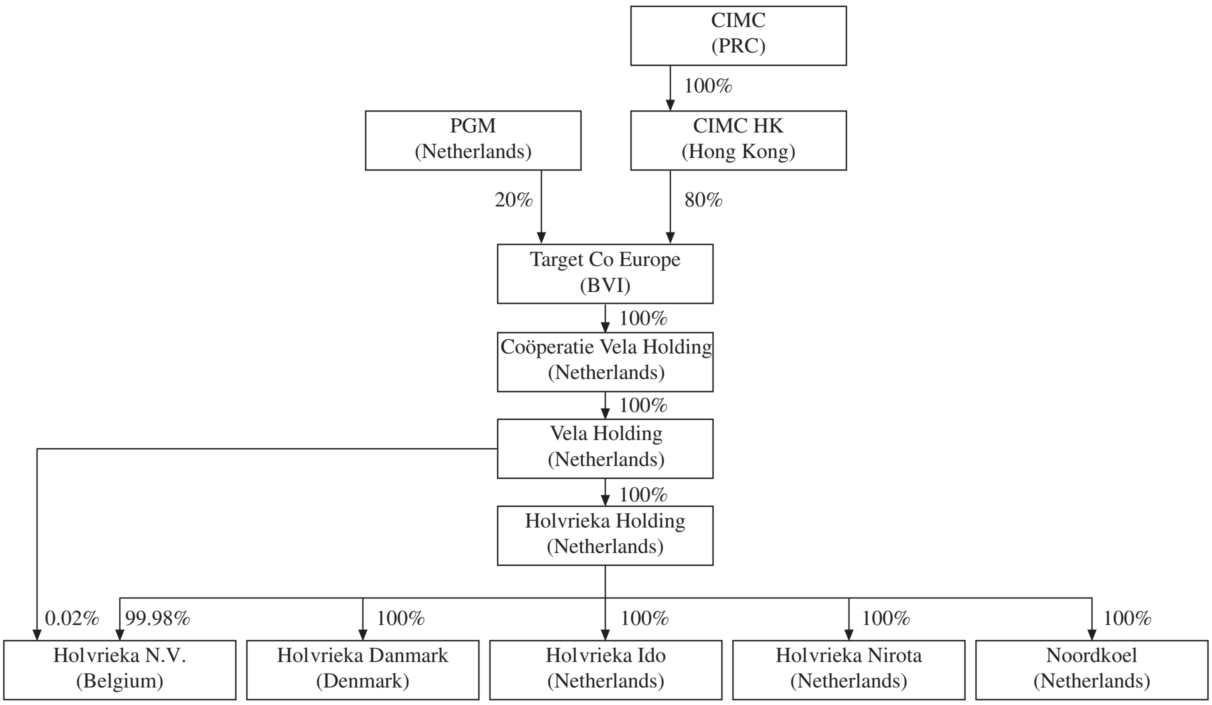
The Target Group Europe

Target Co Europe was incorporated under the laws of the BVI with limited liability on 8 August 2008. Following completion of Stage 5 of the Reorganisation, it will become the holding company of the Target Group Europe.

The vendors under the European Acquisition Agreement (as amended by the European Supplemental Agreement) are CIMC HK and PGM. Following completion of Stage 1 of the Reorganisation, Target Co Europe has become beneficially owned as to 80% by CIMC HK and as to 20% by PGM. PGM is beneficially owned as to 99.50% by Mr. Peter van der Burg and as to 0.50% by Ms. Jolanda van der Burg-Moritz.

The operating subsidiaries of Target Co Europe are the five operating subsidiaries of Holvrieka Holding, namely Holvrieka N.V., Holvrieka Danmark, Holvrieka Ido, Holvrieka Nirota and Noordkoel. These five companies and Holvrieka Holding, which together form the Holvrieka Group, will be injected into the Target Group Europe at Stage 5 of the Reorganisation.

The chart below illustrates the shareholding structure of the group of companies comprising the Target Group Europe after completion of the Reorganisation:



Immediately prior to completion of the Reorganisation, Burg Industries was the holding company of a group of companies which included Holvrieka Holding.

On 31 May 2007, CIMC Burg was established under the laws of the Netherlands with limited liability. It was established as a joint venture company of CIMC and PGM, beneficially owned as to 80% by CIMC and as to 20% by PGM. On 26 June 2007, CIMC Burg completed its acquisition of Burg Industries. Prior to this acquisition, Burg Industries was beneficially owned as to 11% by PGM and as to 89% by Buhold B.V., an Independent Third Party. Holvrieka Holding and its five operating subsidiaries will be injected into the Target Group Europe at Stage 5 of the Reorganisation.

The key milestones of the Target Group China

Set out below are the key milestones of the business development of the Target Group China:

Nantong CIMC

2003	It was established as a Sino-foreign equity joint venture enterprise in China on 14 August 2003.
2004	It was granted a sub-licence by CIMC BVI to use certain proprietary technologies of UBHI and was entitled to the continuing engineering support from UBHI for collar tank containers manufacturing under the Universal Collar Tank Technology Transfer Sub-licence Agreement.
2006	It was granted a sub-licence by CIMC BVI to use certain proprietary technologies of UBHI and was entitled to the continuing engineering support from UBHI for low height frame tank containers manufacturing under the Low Height Frame Tank Container Technology Transfer Agreement.
2007	It was granted certain patent rights for manufacturing freight containers under the Columbiana Purchase Agreement.
2008	It became a wholly-owned subsidiary of Win Score and was converted from a Sino-foreign equity joint venture enterprise into a wholly foreign-owned enterprise.
2009	It was granted a sub-licence by CIMC to use certain know-how and patents of WEW to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market under the Confirmatory Agreement on Patent and Know-how Sub-licence with effect from 24 December 2006.

Zhangjiagang CIMC

1999	It was established as a domestic enterprise in China to engage in the manufacturing and sales of chemical machinery on 7 December 1999.
2000	Its scope of business was expanded to include the manufacturing and sales of natural gas, oil and chemical equipment.
2004	It was recognised as a "New Hi-tech Enterprise" in Jiangsu Province by the Jiangsu STD for an initial recognition period of two years.
2005	It was converted from a domestic enterprise into a Sino-foreign equity joint venture enterprise after the acquisition by CIMC Vehicle Group and CIMC Vehicle of a 72.05% and 25% equity interest in it, respectively.

	Its scope of business was changed to the manufacturing of cryogenic, oil and chemical equipment, and pressure vessels.
2006	It gained the recognition as a "Key Hi-Technical Enterprise" by the 科學技術部火炬高技術產業開發中心 (Torch Hi-technical Industry Exploitation Centre of the then National Science and Technology Commission).
	It obtained the ISO9001-2000 accreditation from ABS.
2008	It became a wholly-owned subsidiary of Charm Ray and was converted from a Sino-foreign equity joint venture enterprise into a wholly foreign-owned enterprise.

The key milestones of the Target Group Europe

Set out below are the key milestones of the business development of the Target Group Europe:

1974	Holvrieka Holding started producing stainless steel process and storage tanks for the brewery industries. Its major customers included breweries in the Netherlands.
1988	Holvrieka Holdings exported more than 20 stainless steel vessels to Dalian, China
1990	The first batch of processing tanks were exported to Asia. Holvrieka Holding also started exporting process and storage tanks to breweries in China.
1991	The laser welding technology for cooling panel for process tanks was developed.
1993	The first ship tank module for deep sea transport of orange juice was developed.
2002	Holvrieka Holding was awarded the "Maritime Innovation Award 2002 — Flexible Tank Modules" for its third generation ship tank modules.
2004	The first on-site tank farm containing process tanks with a diameter of 10 metres were set up for a brewery in Thailand.
2007	The automatic welding technology for storage tanks with diameters of 15 to 18 metres and with a capacity of approximately 4,000 cubic metres for the storage of fresh orange juice was developed.
	The first tank farm was built in the Netherlands, and construction of another two in Belgium commenced.

2008	Production of the first process tanks for a bio-ethanol plant in Rotterdam, the Netherlands commenced. A mobile automatic plasma welding equipment was developed to weld on-site stainless steel process and storage tanks for the chemical and liquid food industries. With this type of equipment, on-site storage tanks with diameters up to 18 metres could be manufactured. Holvrieka Holding's major customers include breweries in the Netherlands, Belgium, Denmark, Russia and Asia.

Please refer to the sub-section headed "Basis of Preparation" in the accountant's report on the Target Group China and the Target Group Europe set out in Appendices I and II, respectively, to this circular for information relating to changes in the corporate structures of the Target Group during the Track Record Period.

THE REORGANISATION

In contemplation of the acquisition of the Target Group by the Company, the business of the Target Group will be reorganised pursuant to the Reorganisation which involves a reorganisation of the shareholding and related transfers of interests in members of the Target Group.

Stage 1: Incorporation of intermediate holding companies in the BVI and Hong Kong for the Target Group China

(i) Target Co China was incorporated in the BVI on 11 December 2007 with limited liability. One ordinary share with par value of US$1.00, representing its entire issued share capital, was allotted and issued to CIMC HK.

(ii) Manner Kind was incorporated in the BVI on 28 November 2007 with limited liability. One ordinary share with par value of US$1.00, representing its entire issued share capital, was allotted and issued to Target Co China.

(iii) Win Score was incorporated in Hong Kong on 29 January 2008 with limited liability. One ordinary share with par value of HK$1.00, representing its entire issued share capital, was allotted and issued to Harefield Limited and was subsequently transferred to Manner Kind on 9 April 2008 at a consideration of HK$1.00.

(iv) Perfect Vision was incorporated in the BVI on 21 November 2007 with limited liability. One ordinary share with par value of US$1.00, representing its entire issued share capital, was allotted and issued to CIMC Vehicle.

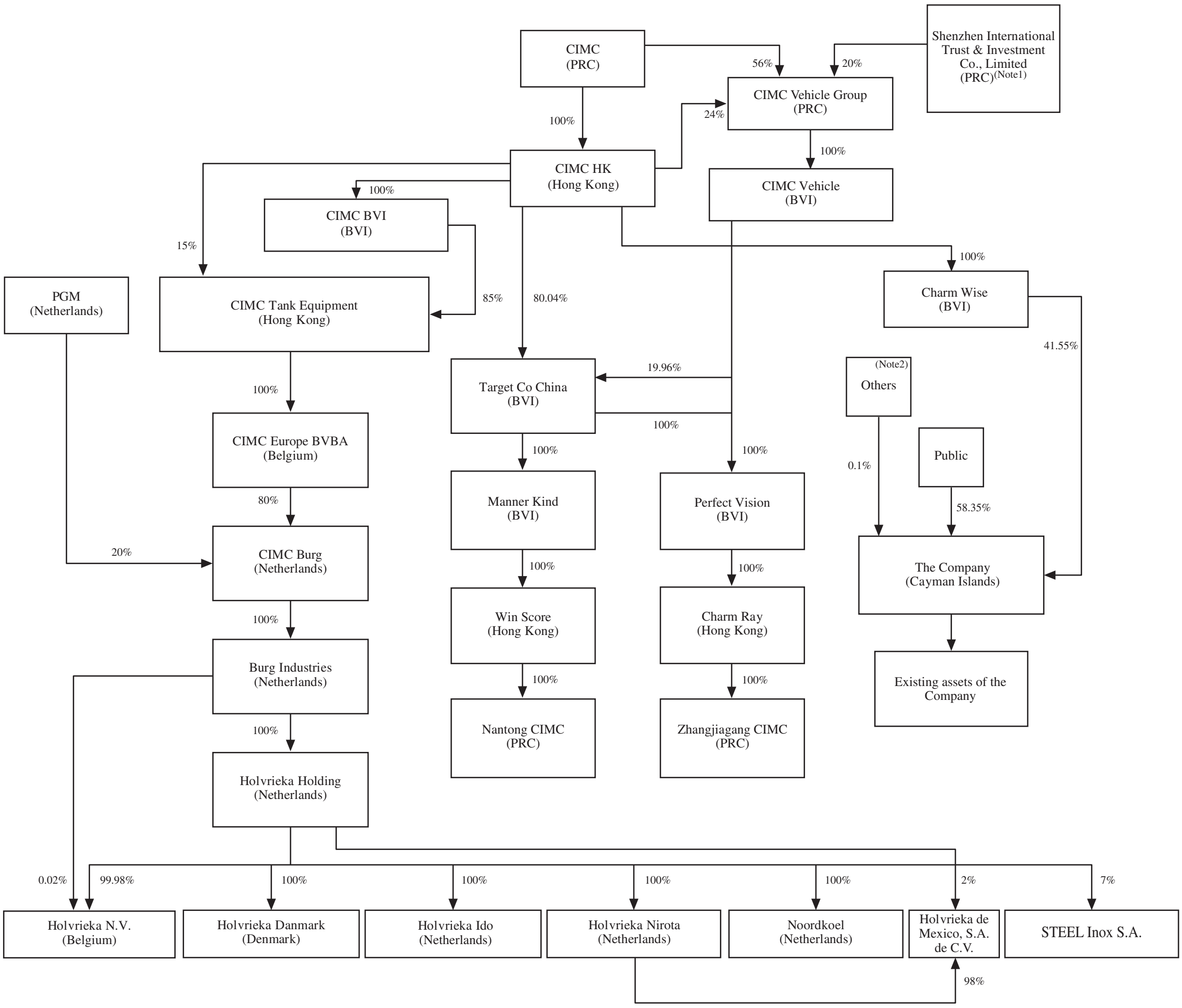
(v) Charm Ray was incorporated in Hong Kong on 28 January 2008 with limited liability. One ordinary share with par value of HK$1.00, representing its entire issued share capital, was allotted and issued to Harefield Limited and was subsequently transferred to Perfect Vision on 9 April 2008 at a consideration of HK$1.00.

Stage 2: Injection of Nantong CIMC and Zhangjiagang CIMC into the Target Group China

(i) On 20 December 2007, Charm Ray entered into equity transfer agreements with CIMC Vehicle Group, CIMC Vehicle, 張家港衆一盛時代新技術應用有限公司 (Zhangjiagang Zhong Yi Sheng Shi Dai New Technology Co., Ltd.) and Mr. Xu Longfa, respectively, to acquire the entire equity interest of Zhangjiagang CIMC, of which 72.05% from CIMC Vehicle Group at a consideration of RMB129,618,700 (equivalent to approximately HK$148,220,354), 25% from CIMC Vehicle at a consideration of RMB44,975,260.24 (equivalent to approximately HK$51,429,686), 2.62% from 張家港衆一盛時代新技術應用有限公司 (Zhangjiagang Zhong Yi Sheng Shi Dai New Technology Co., Ltd.) at a consideration of RMB4,713,407.27 (equivalent to approximately HK$5,389,831), and 0.33% from Mr. Xu Longfa at a consideration of RMB593,673.44 (equivalent to approximately HK$678,872). Approvals for the transfer from relevant PRC authorities were obtained on 9 July 2008.

(ii) On 16 April 2008, Win Score entered into an equity transfer agreement with CIMC Tank Equipment (an indirect wholly-owned subsidiary of CIMC HK) and CIMC BVI (a direct wholly-owned subsidiary of CIMC HK), respectively, to acquire the entire equity interest of Nantong CIMC, of which 38% from CIMC BVI at a consideration of US$25,818,000 (equivalent to approximately HK$201,638,580), and 62% from CIMC Tank Equipment at a consideration of US$42,123,000 (equivalent to approximately HK$328,980,630). Approval for the transfer from relevant PRC authority was obtained on 9 May 2008.

The chart below illustrates the corporate and shareholding structures of the Company and the Target Group immediately after completion of Stage 2 but before completion of Stage 3 of the Reorganisation:



Notes:

1 CIMC Vehicle is a direct wholly-owned subsidiary of CIMC Vehicle Group, the equity interest of which in turn is owned as to 56% by CIMC and as to 24% by CIMC HK. The remaining 20% equity interest in CIMC Vehicle Group is held by 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units divided into three batches, of which the first batch of 45,000,000 units have been allocated. The remaining second and third batches in a total number of 175,500,000 units will be allocated after the performance appraisals for the year ended 2007 and 2008, neither of which has as yet taken place. Further allocations will be announced by CIMC in compliance with the relevant requirements of the Shenzhen Stock Exchange in due course. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units. Save as disclosed above, based on the information provided by CIMC to the Company, the participants in the plan are Independent Third Parties.

2 As at the Latest Practicable Date, Mr. Zhao Qingsheng, an executive Director and the Chairman of the Company, and Mr. Jin Yongsheng, an executive Director and the Chief Executive Officer of the Company, beneficially owned 214,000 Shares and 246,000 Shares, respectively.

Stage 3: Incorporation of intermediate holding companies in the Netherlands and the BVI for the Target Group Europe

(i) Target Co Europe was incorporated in the BVI with limited liability on 8 August 2008. On 2 September 2008, 80 ordinary shares with par value of US$1.00 (equivalent to HK$7.81) each, representing 80% of the issued share capital of Target Co Europe, were allotted and issued to CIMC HK at a consideration of US$80 (equivalent to approximately HK$625), and 20 ordinary shares with par value of US$1.00 each, representing 20% of the issued share capital of Target Co Europe, were allotted and issued to PGM at a consideration of US$20 (equivalent to approximately HK$156).

(ii) Coöperatie Vela Holding was established under the laws of the Netherlands with limited liability on 29 August 2008. Burg Industries contributed EURO 14,400 (equivalent to approximately HK$146,058) to the issued share capital of Coöperatie Vela Holding and owned an 80% membership interest in it. PGM contributed EURO 3,600 (equivalent to approximately HK$36,514) to the issued share capital of Coöperatie Vela Holding and owned a 20% membership interest in it.

(iii) Vela Holding was established under the laws of the Netherlands with limited liability on 3 September 2008. 18,000 ordinary shares with par value of EURO 1.00 each, representing its entire issued share capital, was issued to Coöperatie Vela Holding at a consideration of EURO 18,000 (equivalent to approximately HK$182,572).

Stage 4: Transfer of interests in Holvrieka Holding

(i) On 5 September 2008, CIMC HK acquired 80% of the issued share capital of Coöperatie Vela Holding from Burg Industries, at a consideration of EURO 14,400 (equivalent to approximately HK$146,058).

(ii) On 5 September 2008, Vela Holding has signed a share purchase agreement to acquire the entire issued share capital of Holvrieka Holding and 0.02% of the issued share capital of Holvrieka N.V. from Burg Industries. The actual transfer of shares will take place before completion of the Proposed Transactions.

Stage 5: Further restructuring of Target Co China and injection of the Holvrieka Group into the Target Group Europe

(i) On 29 August 2008, one ordinary share of Perfect Vision, representing its entire issued share capital, was transferred to Target Co China from CIMC Vehicle at a consideration of US$1.00, as a result of which Perfect Vision became a direct wholly-owned subsidiary of Target Co China.

(ii) On 1 September 2008, Target Co China alloted and issued 8,003 shares to CIMC HK and 1,996 shares to CIMC Vehicle, as a result of which the shareholding structure of Target Co China became beneficially owned as to 80.04% by CIMC HK and as to 19.96% by CIMC Vehicle.

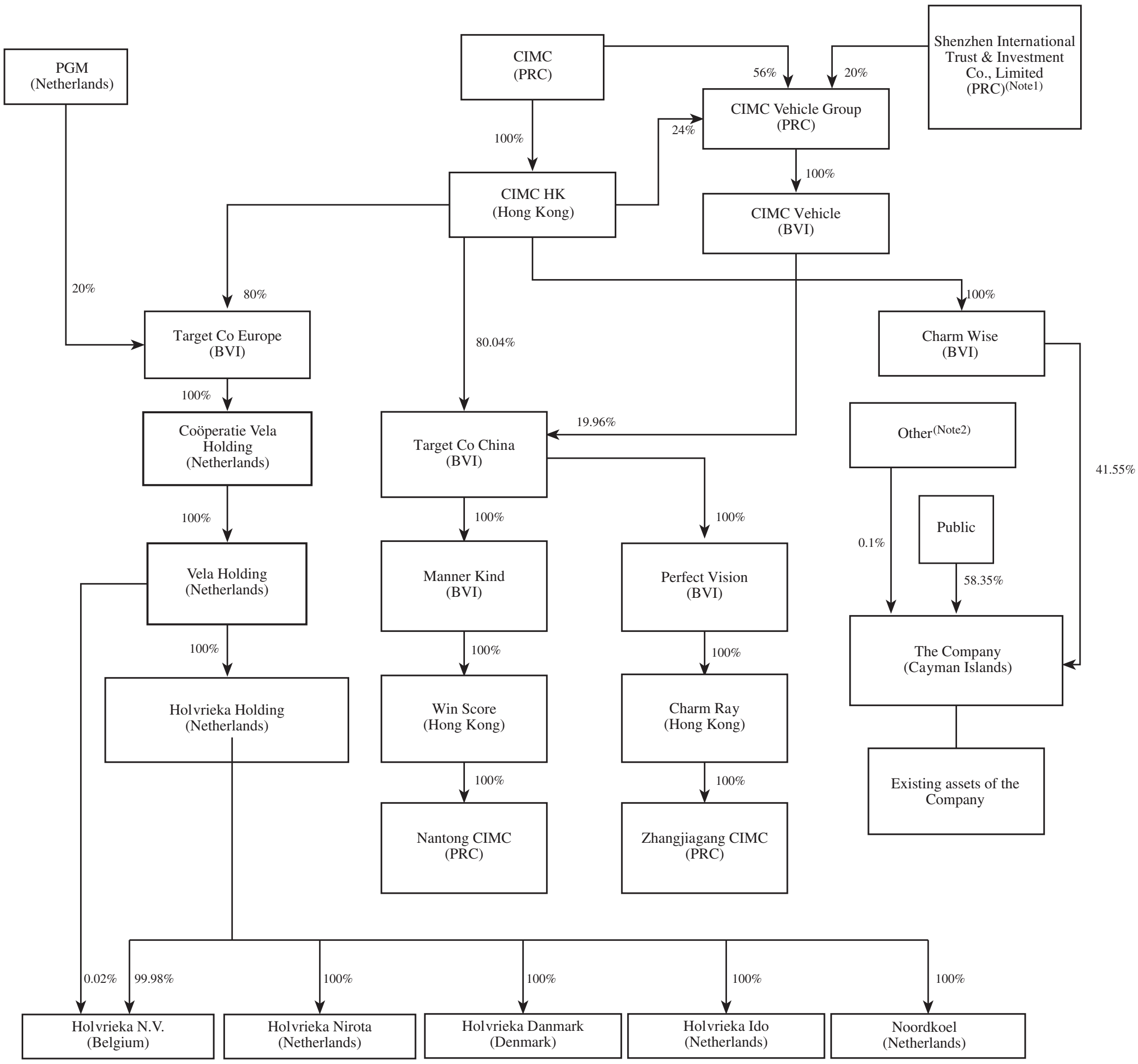
(iii) Before completion of the Proposed Transactions, Target Co Europe will acquire the membership rights in Coöperatie Vela Holding from CIMC HK and PGM, following which Coöperatie Vela Holding will become a direct wholly-owned subsidiary of Target Co Europe.

Stage 6: Dissolution of the two dormant companies

(i) Before completion of the Proposed Transactions, Holvrieka Holding and Holvrieka Nirota will enter into a share transfer agreement with Burg Industries and CIMC Burg II B.V., pursuant to which Holvrieka Holding and Holvrieka Nirota will transfer the entire issued share capital of Holvrieka de Mexico, S.A. de C.V., a dormant company to Burg Industries and CIMC Burg II B.V.

(ii) Before completion of the Proposed Transactions, STEEL Inox S.A., which is a dormant company beneficially owned as to 7% by Holvrieka Holding, will be dissolved under the laws of Tunisia.

The chart below illustrates the corporate and shareholding structures of the Company and the Target Group immediately after completion of Stage 6 of the Reorganisation but before completion of the Proposed Transactions:



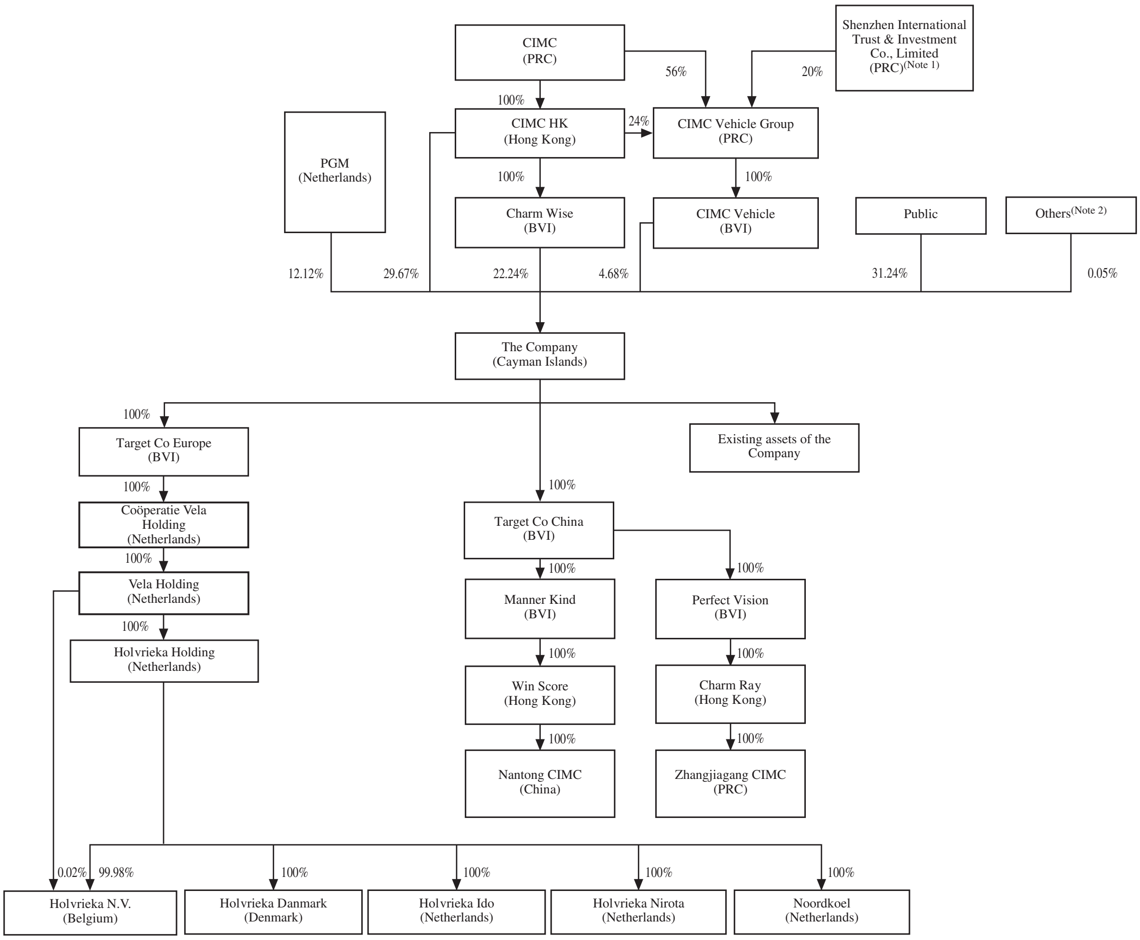
Notes:

(1) & (2) Please refer to the notes to the chart on page 179.

SHAREHOLDING STRUCTURE UPON COMPLETION OF THE PROPOSED TRANSACTIONS

The purpose of the Proposed Transactions is for the Company to acquire the Target Group (comprising the Target Group China and the Target Group Europe) through the acquisition of Target Co China and Target Co Europe. Further details of the Proposed Transactions are set out in the section headed "Letter from the Board" of this circular.

The chart below illustrates the corporate and shareholding structures of the Company and the Target Group immediately after completion of the Proposed Transactions (assuming none of the New Convertible Preference Shares has been converted):



Note:

(1) & (2) Please refer to the notes to the chart on page 179.

OVERVIEW

The Target Group, comprised of the Target Group China and the Target Group Europe, is a well established international transportation, storage and processing equipment manufacturer and service provider. It is engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries. It is also a global leader in the manufacturing and sales of tank containers as illustrated by the respective recognitions received by the Target Group China and the Target Group Europe.

The Target Group China is comprised of the Nantong Group and the Zhangjiagang Group. The Nantong Group is the largest manufacturer of tank containers in the world in terms of production volume in 2007 according to the information published in the WorldCargo News, a well-known logistics industrial magazine. The Zhangjiagang Group is a leading provider of cryogenic equipment in China according to the qualitative information of The Sub-Committee on Transportable Pressure Vessels of CSCBPV.

The Target Group Europe, comprised of the Holvrieka Group, is a leading provider of liquid food tanks in the world according to the information published by Industrial Insights, a well-known magazine for industrial contractors and American Brewer, a well-known magazine in the brewery industry. The production bases of the Target Group are located in Nantong and Zhangjiagang in Jiangsu Province of China, and in Emmen and Sneek in the Netherlands, Randers in Denmark, and Menen in Belgium.

The Target Group maintains a worldwide customer base and has established long-standing relationships with leading companies in the energy, chemical and liquid food industries, including a number of leading natural gas companies, major tank container leasing companies, major industrial gas and other chemical producers, and major breweries and other liquid food producers.

Key products of the Target Group include tank containers, LNG semi-trailers, LNG storage tanks, other cryogenic tanks, reaction cauldrons, liquid food tanks and road tanks. The Target Group also provides integrated project engineering services, including the design, manufacturing, procurement, installation and maintenance of LNG satellite stations, LNG fuelling stations, liquid food tank farms, tank terminal turnkeys, and ship tank modules. Its high quality products and services form part of the supply chain solutions of the energy, chemical and liquid food industries, and have received wide recognition in the market.

For the three years ended 31 December 2006, 2007 and 2008, the audited turnover of the Target Group China amounted to approximately RMB1,787.3 million, RMB2,739.1 million and RMB3,315.2 million, respectively (equivalent to approximately HK$2,043.8 million, HK$3,132.2 million and HK$3,791.0 million, respectively), representing a CAGR of approximately 36.2% for the period 2006 to 2008. The audited net profit of the Target Group China for the same periods was approximately RMB282.0 million, RMB327.2 million and RMB337.7 million, respectively (equivalent to approximately HK$322.5 million, HK$374.2 million and HK$386.2 million, respectively), representing a CAGR of approximately 9.4% between 2006 to 2008.

For the three years ended 31 December 2006, 2007 and 2008, the audited turnover of the Holvrieka Group amounted to approximately EURO 82.0 million, EURO 107.4 million and EURO 121.4 million, respectively (equivalent to approximately HK$831.7 million, HK$1,089.3 million and HK$1,231.3 million, respectively), representing a CAGR of approximately 21.7% between 2006 to 2008. The audited net profit of the Holvrieka Group for the same periods was approximately EURO 1.8 million, EURO 7.9 million and EURO 9.6 million, respectively (equivalent to approximately HK$18.3 million, HK$80.1 million, and HK$97.4 million, respectively), representing a CAGR of approximately 134.2% between 2006 to 2008.

The following table shows certain audited financial information and operating data of the Target Group China and the Holvrieka Group, respectively, for the three years ended 31 December 2006, 2007 and 2008.

The Target Group China

	For the year ended 31 December		
	2006	**2007**	**2008**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Turnover	1,787,281	2,739,069	3,315,167
Profit before taxation	307,738	361,320	390,147
Income tax	(25,760)	(34,138)	(52,470)
Profit for the year	281,978	327,182	337,677

The Holvrieka Group

	For the year ended 31 December		
	2006	**2007**	**2008**
	(EURO'000)	**(EURO'000)**	**(EURO'000)**
Turnover	81,954	107,385	121,433
Profit before taxation	2,264	10,756	12,950
Income tax	(514)	(2,858)	(3,353)
Profit for the year	1,750	7,898	9,597

INFORMATION ON THE TARGET GROUP

The Target Group is comprised of the Target Group China and the Target Group Europe.

The Target Group China

The Target Group China comprises the Nantong Group and the Zhangjiagang Group.

The Nantong Group

Nantong CIMC is the sole operating subsidiary of the Nantong Group, and is indirectly wholly-owned by Target Co China. It is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, two main types of equipment, namely, tank containers for the transportation of chemicals, liquid food and natural gas; and custom-made pressure vessels.

For its production of stainless steel tanks, Nantong CIMC, through CIMC, has been granted sub-licences to use certain leading proprietary technologies owned by UBHI and WEW, and the rights to receive continuing engineering support from UBHI and WEW. Both UBHI and WEW are experienced tank container manufacturers which own advanced proprietary technologies. Details of the sub-licensing arrangements are set out in the sub-section headed "Independence from Controlling Shareholder" under the section headed "Relationship with the Controlling Shareholder" of this circular.

With its advanced technologies and distinguished manufacturing capabilites, Nantong CIMC has received wide recognition from internationally renowned major tank leasing companies, tank container operators, and other end users.

Nantong CIMC is located in the port city of Nantong, Jiangsu Province of the PRC, which is approximately 150 kilometres away from Shanghai. It occupies an area of approximately 280,000 sq.m., of which approximately 210,000 sq.m. are for production sites and approximately 70,000 sq.m. are occupied by office buildings. The total gross floor area of its production plants is approximately 55,350 sq.m. Nantong CIMC's proximity to the container terminals in Nantong provides its products with convenient access to shipping facilities.

The Zhangjiagang Group

Zhangjiagang CIMC is the sole operating subsidiary of the Zhangjiagang Group, and is indirectly wholly-owned by Target Co China. It is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, various types of equipment for the transportation and storage of industrial gas and hazardous chemicals, namely, cryogenic storage tanks, cryogenic lorry tankers, large LNG storage tanks (with volume of not more than 4,500 cb.m.), cryogenic tank containers, cryogenic cylinders, and vaporisation equipment for cryogenic liquids (such as LNG, LOX, LIN and LAr). It also provides project engineering services, and has undertaken the construction of industrial gas storage projects and LNG applied projects, including setting up LNG/LCNG vehicle refuelling stations, LNG vaporisation stations and LNG cylinder stations. Zhangjiagang CIMC operates under the trade name of "Sanctum".

The LNG series of products are widely applied in the LNG vaporisation stations of numerous gas companies. Given the wide application of its LNG series products, Zhangjiagang CIMC has become a major supplier of cryogenic transportation and storage equipment, and a major service provider of cryogenic projects in China. For example, the LNG refuelling stations constructed by the Zhangjiagang Group were put into service in Urumchi, Xinjiang Autonomous Region and Changsha, Hunan Province of China in 2004. In 2004, those projects passed the examination carried out by the 國家清潔汽車行動小組 (National Clean Automobile Operation Team).

Zhangjiagang CIMC is located in Zhangjiagang, Jiangsu Province of the PRC, which is a growing port city in the Yangtze River Delta Economic Zone. It occupies an area of approximately 158,000 sq.m., of which approximately 130,000 sq.m are for production sites and approximately 28,000 sq.m. are occupied by office buildings. The total gross floor area of its production plants is approximately 61,856 sq.m. Zhangjiagang offers easy access to the Beijing-Shanghai and Nanjing-Shanghai highways and facilitates the transportation of products of Zhangjiagang CIMC.

The Target Group Europe

The Target Group Europe comprises Target Co Europe, Coöperate Vela Holding, Vela Holding, and the Holvrieka Group.

The Holvrieka Group

The Holvrieka Group has five operating subsidiaries, namely Holvrieka Nirota, Holvrieka Danmark, Holvrieka Ido, Holvrieka N.V. and Noordkoel. The Holvrieka Group is principally engaged in the design, development, manufacturing and engineering of stainless steel process and storage tanks, according to customer specifications, for the energy, chemical and liquid food (including beer, fruit juice and milk) industries. The Holvrieka Group provides factory-built tanks, as well as tanks which are assembled at the customers' site using European factory-produced components.

The production plants of the Holvrieka Group are located in Emmen and Sneek in the Netherlands, Randers in Denmark and Menen in Belgium. The Holvrieka Group occupies a total area of approximately 97,198 sq.m., of which approximately 54,632 sq.m. are for production sites. The total gross floor area of the production plants of the Holvrieka Group is approximately 46,797 sq.m.

COMPETITIVE STRENGTHS

The Directors believe that with the integration of the business activities of the Company and of the Target Group upon completion of the Proposed Transactions, the success and future prospects of the Restructured Group will be underpinned by a combination of competitive strengths, as follows:

Well positioned to benefit from China's economic growth and the growing energy, chemical and liquid food industries in China and the world

As a well established equipment manufacturer and service provider in the energy, chemical and liquid food industries with a substantial part of its operations in China, the Restructured Group is well positioned to benefit from the continuous economic growth in China, as well as the robust growth in the energy, chemical and liquid food consumption in China and the world.

From 1998 to 2008, the GDP in China grew at approximately 12.7%, rendering China one of the fastest growing economies in the world. Robust economic growth has resulted in fast growing demands for energy, chemical and liquid food.

Consumption of the world's primary energy has experienced continuous growth since the 1990's, and Asia-Pacific region accounted for approximately two thirds of such growth in 2007. China is the second largest energy consumer (after the US) in the world. According to the information provided by BP, the consumption of primary energy of China grew at a CAGR of approximately 9.8% for the period of 2000 to 2007. There is also a growing trend in China to use clean energy to reduce environmental pollution. Under the 第十一個五年計劃 (Eleventh Five-Year Plan), the Chinese government aims to raise the percentage of natural gas consumption in the total energy consumption from approximately 4.7% in 2005 to 5.3% by 2010.

The global chemical industry has maintained its growing trend over the past decade. It contributes to a larger portion of the global GDP and its performance is linked closely to global macro-economic trends. The robust domestic demand and its distinct manufacturing cost advantages over industrialised nations have turned China into a major consumer of chemicals. China's chemical industry grew at a CAGR of approximately 15.3% for the period of 1997 to 2007, and China accounts for approximately 35% to 40% of the world's growth in chemical demand.

The world consumption of liquid food grew at a CAGR of approximately 4.4% for the period of 2001 to 2007. The increase in the purchasing power of Chinese consumers, coupled with the growing customer base for liquid food products, has contributed to a fast growth in China's liquid food demand. The liquid food consumption in China grew at a CAGR of approximately 11.6% for the period of 2001 to 2007.

The above factors offer a favourable market environment for the storage, transportation and processing equipment serving the energy, chemical and liquid food industries. The Restructured Group is well positioned to capture the opportunities presented by the growth in the Chinese economy and the growth potential of the energy, chemical and liquid food industries.

Leading position in certain product categories, economies of scale, and potential to develop into integrated manufacturer and service provider

The Restructured Group enjoys a leading position in the manufacturing and sales of certain transportation and storage equipment. The Target Group China comprises the Nantong Group, the largest manufacturer of tank containers in the world in terms of production volume in 2007, and the Zhangjiagang Group, a leading provider of cryogenic equipment in China. The Target Group Europe is a leading provider of liquid food tanks in the world and its "Holvrieka" brand name is widely recognised in the world.

Such leading position provides the Restructured Group with significant advantages over many of its competitors in terms of business coverage and scale of operations. The production bases and sales networks of the Restructured Group are principally based in China and Europe and span across other parts of the world. Through coordinating its sales and procurement activities among members of the Restructured Group, achieving synergies of the manufacturing technologies, and leveraging its established platforms in transportation and storage equipment manufacturing business and expanding into other related and profitable businesses, the Restructured Group is well positioned to enjoy economies of scale in terms of sales, procurement, technologies and production.

With the enlarged scope and scale of products and service, the Restructured Group is able to provide its customers operating in the energy, chemical and liquid food industries with a full spectrum of integrated services, including the design, development and manufacturing of a large variety of products, construction of engineering projects, and provision of technical maintenance. The Directors believe that the ability to provide such one-stop-shop solutions is a key competitive advantage. Equipped with leading market position, economies of scale further strengthened by the Proposed Transactions, strong customer base and technology capabilities, the Restructured Group demonstrates great potential to develop from an equipment manufacturer to an integrated full spectrum manufacturer and service provider.

Top tier global customer base and strong customer relationship

The Restructured Group has a large base of overseas and domestic customers, many of which are international leading brands with wide market recognition. The customers of the Restructured Group come from a wide range of industries and include oil producers, refiners, gas companies, logistics business operators, container leasing companies, chemical companies, food manufacturers and distributors, and large transportation and equipment leasing companies. The strong customer base provides the Restructured Group with a high degree of stability to its business, making it less susceptible to the changing market conditions.

The Restructured Group offers quality services to its customers through strict quality control and tailored customer services. The experience gained from serving renowned customers will enable the Restructured Group to maintain high service quality. This, coupled with its strong long-term relationship with many key customers and the ability to provide more comprehensive and systematic services to customers following completion of the Proposed Transactions, will place the Restructured Group in a highly competitive position in both domestic and overseas markets.

Advanced technologies and strong research and development capabilities

The Restructured Group possesses advanced technologies and strong research and development capabilities, which adds to its competitiveness and distinguishes it from many other market players. Such capabilities also enable it to offer products of higher technology intensity and profit margin compared with many of its competitors.

Technologies used by the Restructured Group represent a vast majority of advanced proprietary technologies and know-how in the industry, including stainless steel laser welding technology, high-vacuum heat-insulating technology, stainless steel polishing technology, as well as heat treatment technology used in high-pressure products. UBHI and WEW, two established European tank container manufacturers, have, through CIMC, licensed the proprietary technologies owned by them to Nantong CIMC, allowing Nantong CIMC access to various advanced technologies and technical support in manufacturing stainless tank products.

The research and development capabilities possessed by the Nantong Group, the Zhangjiagang Group and the Target Group Europe enable the Restructured Group to add profitable new products to its product portfolio and maintain technological advantage in the industry. In testimony of its strong research and development capabilities, the Nantong Group and the Zhangjiagang Group have been invited to participate as members of the 全國鍋爐壓力容器標準化技術委員會移動式壓力容器分技術委員會 (Sub-Committee on Transportable Pressure Vessels of CSCBPV), and have played an important role in the formulation and revision of a series of national and industrial standards in China. The Nantong Group and the Zhangjiagang Group have also participated in the activities of the ISO/TC220 on behalf of the 全國鍋爐壓力容器標準化技術委員會中國低溫直屬工作組 (Cryogenic Working Group of CSCBPV). Such participation has enabled the Restructured Group to closely monitor changes in, and keep abreast of industry trends and standards.

Strong background of the controlling shareholder and experienced management team of the Restructured Group

The Restructured Group leverages its relationship with CIMC. CIMC, which will remain as the controlling shareholder of the Company upon completion of the Proposed Transactions, is a market leader in the tank container manufacturing industry and enjoys an established market reputation. It was named on "The Global 2000" list by Forbes in 2008. In September 2007, container products of CIMC bearing the brand name of "CIMC 中集" were named one of the "中國世界名牌" (China's World-famous Brands) by the GAQSIQ. The market reputation of CIMC will be of great value in promoting the image of the Restructured Group. The relationship between the Company and CIMC will enable the Restructured Group to benefit from CIMC's strong brand name and industry track record.

The management team of the Restructured Group has an average of over 10 years experience in the transportation, storage and processing equipment manufacturing industry. Most of them have received higher education majoring in machinery production, economics or related disciplines. This dedicated management team possesses the vision and in-depth industry knowledge required to anticipate and capture market opportunities, and to formulate sound business strategies for the Restructured Group's future growth.

BUSINESS STRATEGIES

The business objectives of the Restructured Group will be to leverage the advantages resulting from the rapid economic growth in China, to create a platform which allows coordinated operations of its subsidiaries in China and in Europe, to produce quality products for its customers in both domestic and overseas markets, to maintain and strengthen its leading market position in China, Europe and in other parts of the world, and, to maximise shareholders' value. To achieve these objectives, the Restructured Group will pursue a growth strategy that includes the following principal components:

Maintain its leading market position in existing key products

The Restructured Group plans to improve the competitiveness of its existing key products in which it enjoys a leading market position. It will continue to improve its product quality and design and enhance the design, development, manufacturing and maintenance of such key products by leveraging the additional technologies provided by or accessible to the Target Group. It will continue to implement strict quality control and workmanship in its production and development activities.

The Restructured Group will leverage its well-recognised brand names and established market reputation to extend the distribution of its products in new markets. It will, through the global market networks of the Target Group, identify and evaluate potential opportunities to enter new geographical markets or other markets with higher margins. The acquisition of the Target Group Europe represents an important milestone for the Restructured Group to penetrate the European market. The Restructured Group will take advantage of its market knowledge to identify high margin markets worldwide, and expand into such markets.

Improve its product portfolio and strengthen its technological advantage

The acquisition of the Target Group will result in the addition of a large number of technologically advanced products to the product portfolio of the Restructured Group. The Restructured Group will consolidate its product portfolio and continue to improve its product mix. It will allocate more resources to design, develop and manufacture products of high technology intensity, such as gas tank containers and custom-made pressure vessels, with a view to improving its profitability.

Advanced technologies are critical to the success of the Restructured Group. The Restructured Group will strengthen its research and development capabilities and will continue its efforts to develop, independently, new technologies using its knowledge in product design and other areas. It will extend cooperation with well-known educational and research institutions to develop new technology or product improvement. Through its enhanced research and development capabilities, and the leverage of its existing technology strengths, the Restructured Group will expand its product range. It will supply to its existing customers new products according to their demands, introducing more environmental-friendly and energy-saving products.

The Restructured Group will enhance its cost efficiency by leveraging its experience in managing large scale businesses gained by the Target Group with a view to improving its profitability. It will reduce the cost of raw materials through centralised purchasing of stainless steel, parts and components. As stainless steel is one of the main types of raw materials used in its production process, the Restructured Group will utilise the increased purchasing power derived from the Proposed Transactions to endeavour to enter into long-term supply contracts with its stainless steel suppliers for the purpose of obtaining favourable prices and improve its profitability.

Explore growth opportunities and develop into a world class integrated manufacturer and service provider

The Proposed Transactions mark an important milestone for the Group to develop into an integrated global energy, chemical and liquid food equipment manufacturer and service provider.

The Proposed Transactions will substantially increase the operational scale of the Company and will strengthen its market position. The Restructured Group aims to develop into an integrated full range product manufacturer and solutions provider for transportation, storage and processing equipment. To achieve this objective, it will expand its product portfolio and market coverage. It will endeavour to increase its revenues generated from project engineering services, a business segment that combines its manufacturing, servicing and engineering capabilities. It will explore new growth opportunities by designing and developing new products serving the supply chains of the energy, chemical or liquid food industries.

It is a long-term strategy of the Restructured Group to increase its operational scale and strengthen its market position by future acquisitions to complement its resources and capabilities of the Restructured Group. The Restructured Group will identify suitable acquisition opportunities in order to expand its product portfolio and geographical coverage.

PRODUCTS

The Target Group is engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries.

The Target Group China's business can be broadly categorised into four main categories in terms of their applications: transportation equipment, storage equipment, processing equipment and project engineering. The respective sales contribution of each of these segments to the total revenue of the Target Group China during the Track Record Period has been disclosed in this section of the circular. The significant contributor to the Target Group China's turnover from sales during the Track Record Period across all four segments, namely transportation equipment, storage equipment, processing equipment and project engineering, was the chemical industry, and the energy and liquid food industries. In particular, within transportation equipment segment, which was the largest business segment of the Target Group China by turnover, the chemical industry was the main contributor to the total turnover in this segment during the Track Record Period.

The Holvrieka Group is primarily engaged in project engineering, which involves engineering, procurement and construction of tanks. As such project engineering undertakings generally involve delivery of tanks which serve both storage and processing functions, and the sales contracts are negotiated on a project basis in its entirety, and it is not feasible to break down the revenue into contributions from storage equipment, processing equipment and project engineering seperately. Accordingly, no disclosure of the sales breakdown in terms of four business segments of transportation equipment, storage equipment, processing equipment and project engineering, has been made in this circular.

(1) **Transportation equipment**

Transportation equipment is manufactured by the Target Group China and is widely used in the transportation of LNG, cryogenic industrial gas, various hazardous liquid chemicals, LPG, hazardous liquefied chemical gases and liquid food (including milk, cooking oil, juice and liquid chocolate). Such transportation equipment has the capability to maintain the physical and chemical properties of these substances while in transit.

During the Track Record Period, transportation equipment accounted for the largest portion of the turnover of the Target Group China among its four product categories. For the three years ended 31 December 2006, 2007 and 2008, the turnover of the transportation equipment manufactured by the Target Group China accounted for approximately 81.8%, 85.2% and 82.3% of the total turnover of the Target Group China, respectively.

The two principal types of transportation equipment manufactured by the Target Group China are tank containers and transportation vehicles.

Tank containers

Tank containers manufactured by the Target Group China can be classified into (i) stainless steel tank containers used for the transportation of liquid chemicals and liquid food; (ii) carbon steel tank containers used for the transportation and storage of liquefied gas, such as propane, LPG, butane, and environmentally-friendly refrigerant and other pressurised liquefied gas; and (iii) cryogenic tank containers used for the transportation of LNG and cryogenic industrial gas, such as LNG, LAr, LOX and LIN. The specification and quality standard of tank containers used for the transportation of liquid chemicals may differ from those of tank containers used for the transportation of liquid food. For example, special technical specifications are required for tank containers used for the transportation of milk, rendering such tank containers unsuitable for the transportation of liquid chemicals. Tank containers are widely used in intermodal transportation which combines road, rail and sea transportation.

Both the Nantong Group and the Zhangjiagang Group manufacture tank containers. The Nantong Group is the largest tank container manufacturer in the world in terms of production volume in 2007 according to the information published in the WorldCargo News, a well-known logistics industrial magazine.

The tank containers manufactured by the Nantong Group can be divided into stainless steel tank containers used in the transportation of hazardous chemical liquids and carbon steel gas tank containers used for transporting LPG and other hazardous pressurised chemicals, such as acrylic, chlorine ethylene, DME and liquefied ammonia. By incorporating the technology of super-light and reliable stainless steel tank container design licensed by UBHI, the Nantong Group has successfully manufactured products which meet international standards. It has developed a full spectrum of stainless steel tank containers to meet various customer demands. The Nantong Group has also gained access to WEW's technologies under arrangements made between CIMC and WEW. Those technologies are representative of professional product design that is up to the European standard. Through a combined use of such technologies and the technologies subject to the Columbiana patent, which Nantong CIMC was granted the right to use under the Columbiana Purchase Agreement, Nantong CIMC successfully developed technologies for manufacturing super-light carbon steel gas tank containers for liquefied gas and environmentally-friendly refrigerant.

The pictures below show a type of stainless steel tank containers and a carbon steel gas tank container manufactured by the Nantong Group.

Stainless steel tank container
Manufacturer: the Nantong Group

Carbon steel gas tank container
Manufacturer: the Nantong Group

Tank containers manufactured by the Nantong Group have received certification from BV of France and LR of the UK, enabling the products to be sold worldwide. In particular, the carbon steel gas tank containers manufactured by the Nantong Group have complied with the ASME U2 standards, and have passed the US DOT certification and the European TPED certification. These standards and certifications set high entry thresholds for the tank container market, and mark the high standard and quality of the products of the Nantong Group.

The key type of products of the Zhangjiagang Group is LNG tank containers. Based on the information available to the Target Group China as at the Latest Practicable Date, the Directors believe there were approximately 400 LNG tank containers used in the transportation of LNG in China, of which it is estimated that approximately 70% were manufactured by the Zhangjiagang Group.

The picture below shows a type of cryogenic LNG tank containers manufactured by the Zhangjiagang Group.

Cryogenic LNG tank container
Manufacturer: the Zhangjiagang Group

Transportation vehicles

The transportation vehicles manufactured by the Target Group China can be further classified, based on the substance contained, into LNG vehicles, cryogenic industrial gas vehicles, LPG vehicles, and vehicles for other hazardous pressurised chemicals.

LNG vehicles and cryogenic industrial gas vehicles

LNG vehicles are used in the transportation of LNG. The LNG semi-trailer is one of the most common types of LNG vehicles manufactured by the Target Group China. Cryogenic industrial gas vehicles are used in the transportation of cryogenic industrial gas. The industrial gas cryogenic liquid lorry tanker is one of the most common types of cryogenic industrial gas vehicles manufactured by the Target Group China.

The pictures below show an LNG semi-trailer and an industrial gas cryogenic liquid lorry tanker manufactured by the Zhangjiagang Group.

LNG semi-trailer
Manufacturer: the Zhangjiagang Group

Industrial gas cryogenic liquid lorry tanker
Manufacturer: the Zhangjiagang Group

As substances contained in the LNG vehicles and the cryogenic industrial gas vehicles, such as LNG and cryogenic industrial gas are required to be maintained at a temperature range of -196˚C to -162°C, the LNG vehicles and the cryogenic industrial gas vehicles are designed to ensure that no vaporisation will occur while in transit as a result of the higher external temperature. The cryogenic vessels installed on these vehicles are double-walled. The inner wall is made of stainless steel and the outer wall is made of carbon steel. There is a space between the inner and outer walls, to which the vacuum power thermal-insulating technology is applied to maintain the low temperature within the vessels. These vehicles are also installed with pressure-relief valves and liquid-level inspection instruments to monitor the conditions of the liquid stored in the vehicles while in transit. The manufacturing of these types of vehicles requires strong engineering skills and technological knowledge.

The Zhangjiagang Group was designated by the relevant government authorities to play a leading role in formulating the relevant industrial standards. In June 2006, the Zhangjiagang Group successfully developed and manufactured LNG semi-trailers with a capacity of 51.55 cubic metres, which the Directors believe was one of the largest LNG vehicles known in China at that time. The Directors believe that as at the latest practicable date, the transportation of LNG in China was mainly carried out using semi-trailers with high-vacuum multi-layered thermal-insulation with a capacity of 51.55 cubic metres. Based on information available to the Target Group China, it is estimated that as at the Latest Practicable Date, approximately 70% of such LNG transportation vehicles in China were manufactured by the Zhangjiagang Group.

LPG vehicles and vehicles for other hazardous pressurised chemicals

LPG vehicles are used in the transportation of LPG. They are capable of maintaining LPG in its liquefied state while in transit. The same technologies are also applied to vehicles used in the transportation of other hazardous pressurised chemicals, such as acrylic, chlorine ethylene, DME and liquefied ammonia.

As the vehicles carry pressurised hazardous chemicals such as inflammables, explosives or toxic substances, they must comply with applicable safety standards. These vehicles are therefore of higher value than typical vehicles used in the transportation of ordinary goods.

In June 2006, the Zhangjiagang Group successfully developed and manufactured a type of LPG lorry tankers with a capacity of 56 cubic metres, which the Directors believe was one of the largest LPG vehicle in China at that time.

The picture below shows an LPG lorry tanker manufactured by the Zhangjiagang Group.

LPG lorry tanker
Manufacturer: the Zhangjiagang Group

(2) **Storage equipment**

Storage equipment is manufactured by both the Target Group China and the Target Group Europe. The Target Group manufactures three types of storage equipment: cryogenic storage tanks, cryogenic cylinders, and stainless steel storage tanks that are widely used in the storage of LNG, industrial gas (such as LOX, LIN, LAr, LCO2), liquid food and chemical liquids.

For the three years ended 31 December 2006, 2007 and 2008, the turnover of the sales of the storage equipment manufactured by the Target Group China accounted for approximately 12.2%, 12.4% and 11.9% of the total turnover of the Target Group China, respectively.

Cryogenic storage tanks

Cryogenic storage tanks are widely used in the storage of LNG and other industrial gases at temperatures ranging from -196°C to -162°C. These storage tanks are double-walled. The inner wall is made of stainless steel and the outer wall is made of carbon steel. There is a space between the inner and outer walls, to which the vacuum power thermal-insulating technology is applied to maintain the low temperature within the tanks. The design and manufacturing of cryogenic storage tanks requires sophisticated engineering skills and technological knowledge. Cryogenic storage tanks are higher value products due to their size and technological complexity.

The cryogenic liquid storage tanks of the Target Group are mainly manufactured by the Zhangjiagang Group. The Zhangjiagang Group is capable of designing and manufacturing cryogenic storage tanks of 4,500 cubic metres, which the Directors believe was the largest cryogenic storage tanks that could be constructed by a cryogenic equipment manufacturer in China as at the Latest Practicable Date. The Zhangjiagang Group is one of the leading designers and manufacturers of cryogenic storage tanks in China.

The pictures below show a type of cryogenic liquid vacuum storage tanks and a type of large normal-pressure storage tanks manufactured by the Zhangjiagang Group.

Cryogenic liquid vacuum storage tank
Manufacturer: the Zhangjiagang Group

Large normal-pressure storage tank
Manufacturer: the Zhangjiagang Group

Cryogenic cylinders

Cryogenic cylinders are used in the storage of LNG and cryogenic industrial gas for industrial use or for use in vehicles. They are cryogenic liquid storage tanks with smaller capacities to which the high-vacuum multi-layered thermal-insulating technology is applied to keep the inner vessel at a low temperature.

The pictures below show a type of LNG welded thermal-insulation cylinders and a type of industrial gas welded thermal-insulating cylinders manufactured by the Zhangjiagang Group.

LNG welded thermal-insulation cylinder
Manufacturer: the Zhangjiagang Group

Industrial gas welded thermal-insulating cylinder
Manufacturer: the Zhangjiagang Group

Stainless steel storage tanks

The stainless steel storage tanks manufactured by the Holvrieka Group are widely used in the liquid food and chemical industries. Various auto-welding or laser welding technologies and polishing technologies are applied to ensure its high quality.

The picture below shows a type of stainless steel storage tanks manufactured by the Holvrieka Group.

Stainless steel storage tanks
Manufacturer: the Holvrieka Group

(3) **Processing equipment**

Processing equipment is manufactured by both the Target Group China and the Target Group Europe. The processing equipment manufactured by the Target Group China is the reactor series products that are custom-made for different chemical products. It is currently produced by the Nantong Group and reaction cauldrons are one of the most common types of reactor series products. Such equipment is used for the processing of high temperature, high pressure, inflammable, explosive and extremely hazardous substances, and is widely used in the chemicals industry.

As the processing equipment business is still in its initial stage, the turnover of the processing equipment manufactured by the Target Group China did not account for a significant portion of the total turnover of the Target Group China during the Track Record Period. The Target Group China entered the processing equipment business in 2006, and its turnover generated from sales of the processing equipment in that year was minimal. For the two years ended 31 December 2007 and 2008, the turnover of the processing equipment manufactured by the Target Group China accounted for approximately 0.1% and 0.6% of the total turnover of the Target Group China, respectively. Despite such low levels of turnover contributions, the Target Group China's capability to manufacture the processing equipment has far-reaching impact on its business. The processing equipment of the Nantang Group launched to the market in 2006 shows that the Target Group China is expanding into new product areas.

The picture below shows a type of reaction cauldron manufactured by the Nantong Group.

Reaction cauldron
Manufacturer: the Nantong Group

The process tanks manufactured by the Holvrieka Group are widely used in the liquid food industry, especially for the beer breweries. The tank shell and cone of the process tanks manufactured by the Holvrieka Group are installed with limped cooling system for ammonia cooling.

The picture below shows a process tank manufactured by the Holvrieka Group.

Process tank
Manuafacturer: the Holvrieka Group

(4) **Project engineering**

Project engineering is undertaken by both the Target Group China and the Target Group Europe and involves "EPC" or engineering, procurement and construction contracts. The capability of the Target Group to provide integrated engineering services has far-reaching benefits for the Restructured Group, and enables it to provide integrated solutions to its customers.

Under this mode of business, the Target Group China has set up LNG satellite storage stations, LNG vaporisation stations, LNG cylinder stations, and LNG/LCNG vehicle refuelling stations. The project engineering provided by the Zhangjiagang Group is a combination of the supply and installation of LNG storage tanks, the provision of LNG application technology services and, under certain circumstances, the supply and installation of LNG transportation equipment. The projects range from offering LNG logistics solutions to LNG logistics operators, to designing and constructing LNG refuelling stations and LNG satellite storage tank farms for industrial users.

For the three years ended 31 December 2006, 2007 and 2008, the turnover of project engineering of the Target Group China accounted for approximately 6.0%, 2.3% and 5.2% of the total turnover of the Target Group China, respectively.

The Target Group Europe has set up beer and fruit juice processing and distribution turnkey projects. The revenue from these projects includes the cost of the project engineering service and the sale of the associated tanks.

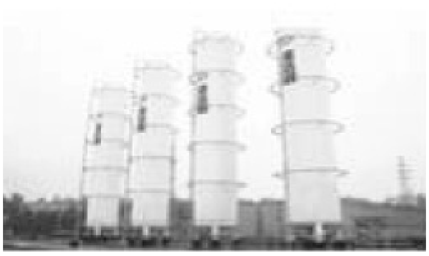
LNG satellite storage stations

LNG satellite storage stations are small or medium LNG tanks or tank farms that are used to store LNG for distribution to LNG end users. They form part of the LNG supply chain solutions.

LNG vaporisation stations

LNG is transported to the LNG vaporisation stations by LNG lorry tankers or LNG tank containers before commencement of the vaporisation process. Thereafter, ambient temperature vaporisation equipment and water vaporisation equipment are used to vaporize LNG. Upon completion of the vaporisation process, LNG is transformed into gas and is ready for commercial use.

The picture below shows an LNG vaporisation station constructed by the Zhangjiagang Group.



LNG vaporisation stations
Manufacturer and constructor: the Zhangjiagang Group

LNG cylinder stations

LNG cylinder stations serve localities which are distant from the main LNG pipelines, and localities where construction of such pipelines are impractical. They represent an economical and convenient solution which suits the need of small communities. The Directors believe that most of the cylinders used in the LNG cylinder stations are the 410L LNG cryogenic thermal-insulating cylinders manufactured by the Zhangjiagang Group.

The picture below shows an LNG cylinder station constructed by the Zhangjiagang Group.

LNG cylinder station
Manufacturer and constructor: the Zhangjiagang Group

LNG/LCNG vehicle refuelling stations

LNG/LCNG vehicle refuelling stations supply LNG/LCNG to motor vehicles. At present, there are three LNG vehicle refuelling stations in China, which are located in Kaitian in Guizhou Province, Urumqi in the Xinjiang Autonomous Region and Changsha in Hunan Province. There is growth potential for this category of products as a result of the government policies of encouraging environmentally-friendly products in China.

The picture below shows an LNG/LCNG vehicle refuelling station constructed by the Zhangjiagang Group.

LNG/LCNG vehicle refuelling station
Manufacturer and constructor: the Zhangjiagang Group

Beer and fruit juice processing and distribution turnkey projects

The Holvrieka Group provides integrated project engineering services to the beer and fruit juice processing and distribution industries. Two of the important turnkey projects are the Bier Chang project in Thailand and the Sia Baltic Juice Terminal in Latvia. The Holvrieka Group provides integrated solutions for turnkey beer and fruit juice terminals, including the manufacturing of tanks, the provision of installation services, and delivery by road or sea transport. Customers can enjoy added value services throughout the logistics supply chain.

The pictures below show a beer processing and distribution turnkey project and a fruit juice processing and distribution turnkey project constructed by the Holvrieka Group.

Beer processing and distribution turnkey project
Manufacturer and constructor: the Holvrieka Group

Fruit juice processing and distribution turnkey project
Manufacturer and constructor: the Holvrieka Group

PRODUCTION FACILITIES AND PROCESS

Production bases and facilities

The production bases and facilities of the Target Group are located in Nantong and Zhangjiagang in Jiangsu Province of the PRC, in Emmen and Sneek in the Netherlands, Randers in Denmark, and Menen in Belgium.

The Target Group China

The production facilities in Nantong are operated by Nantong CIMC, with a total gross floor area (including warehouses) of approximately 55,350 sq.m. There are six workshops equipped with 11 production lines in these production facilities. The utilisation rate of the equipment of Nantong CIMC, calculated by the actual hours of utilisation of the equipment, divided by the designed capacity (by hours) of such equipment, was 87.1%, 88.2% and 81.9% for the three years ended 31 December 2006, 2007 and 2008, respectively.

Below is a picture of the factory premises of the Nantong Group located in Chenggang Road, Nantong, Jiangsu Province of the PRC.

Nantong CIMC factory premises at Chenggang Road, Nantong

The following table shows the number of units produced by, the production capacity and utilisation rate of, Nantong CIMC during the periods indicated below:

	For the year ended 31 December		
	2006	2007	2008
Number of units produced	13,256	16,219	18,055
Production capacity	15,219	18,389	22,045
Utilisation rate	87.1%	88.2%	81.9%

Note: The respective production capacity set out in the table above does not represent designed production capacity by number of units. Instead, it represents production capacity calculated based on the number of units produced, divided by the utilisation rate which is calculated by the actual hours of utilisation of the equipment divided by the designed capacity (by hours) of such equipment. As the size of the products manufactured by the Target Group China differs, such production capacity is more accurate than that calculated based on the designed capacity by number of units.

The production facilities in Zhangjiagang are operated by Zhangjiagang CIMC, with a total gross floor area (including warehouses) of approximately 61,856 sq.m. There are three workshops equipped with four production lines. The utilisation rate of the equipment of Zhangjiagang CIMC, calculated by the actual hours of utilisation of the equipment, divided by the designed capacity (by hours) of such equipment, was 84.0%, 75.0% and 89.7%, respectively, for the three years ended 31 December 2006, 2007 and 2008, respectively.

Below is a picture of the factory premises of the Zhangjiagang Group located at Xiangshan Road, Zhangjiagang, Jiangsu Province of the PRC.

Zhangjiagang CIMC factory premises at Xiangshan Road, Zhangjiagang

The following table shows the number of units produced by, the production capacity and utilisation rate of, Zhangjiagang CIMC during the periods indicated below:

	For the year ended 31 December		
	2006	2007	2008
Number of unit produced	1,157	1,282	1,708
Production capacity	1,377	1,710	1,904
Utilisation rate	84.0%	75.0%	89.7%

Note: The respective production capacity set out in the table above does not represent designed production capacity by number of units. Instead, it represents production capacity calculated based on the number of units produced, divided by the utilisation rate which is calculated by the actual hours of utilisation of the equipment divided by the designed capacity (by hours) of such equipment. As the size of the products manufactured by the Target Group China differs, such production capacity is more accurate than that calculated based on the designed capacity by number of units.

The Holvrieka Group

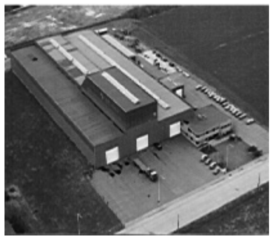
The production facilities of the Holvrieka Group are located in the Netherlands, Denmark and Belgium, with a total gross floor area (including warehouses) of 31,897 sq.m., 7,012 sq.m. and 12,000 sq.m., respectively, and an annual total production capacity of over 510,000 man hours. The production capacity of the Holvrieka Group depends on the complexity of the equipment, such as the design pressure, diameter, height, shell thickness, cooling or heating systems, insulation and cladding systems of the tanks.

Below are pictures of the factory premises of the Holvrieka Group in Emmen and Sneek in the Netherlands, Randers in Denmark and Menen in Belgium.

Holvrieka Group factory premises in Emmen, the Netherlands

Holvrieka Group factory premises in Sneek, the Netherlands

Holvrieka Group factory premises in Randers, Denmark



Holvrieka Group factory premises in Menen, Belgium

The following table shows the number of units produced by the Holvrieka Group during the periods indicated below:

	For the year ended 31 December					
	2006		2007		2008	
Location of workshop	**Units produced (in tanks)**	**%**	**Units produced (in tanks)**	**%**	**Units produced (in tanks)**	**%**
Emmen, the Netherlands	192	22.4%	222	20.7%	113	16.2%
Sneek, the Netherlands	309	36.0%	472	43.9%	344	49.5%
Randers, Denmark	207	24.1%	231	21.4%	129	18.6%
Menen, Belgium	150	17.5%	150	14.0%	109	15.7%
Total:	858	100.0%	1,075	100.0%	695	100.0%

As the Holvrieka Group is principally engaged in project engineering, and many of its operational activities do not involve the use of its own equipment and facilities, the annual production capacity of the Holvrieka Group is calculated based on man hours.

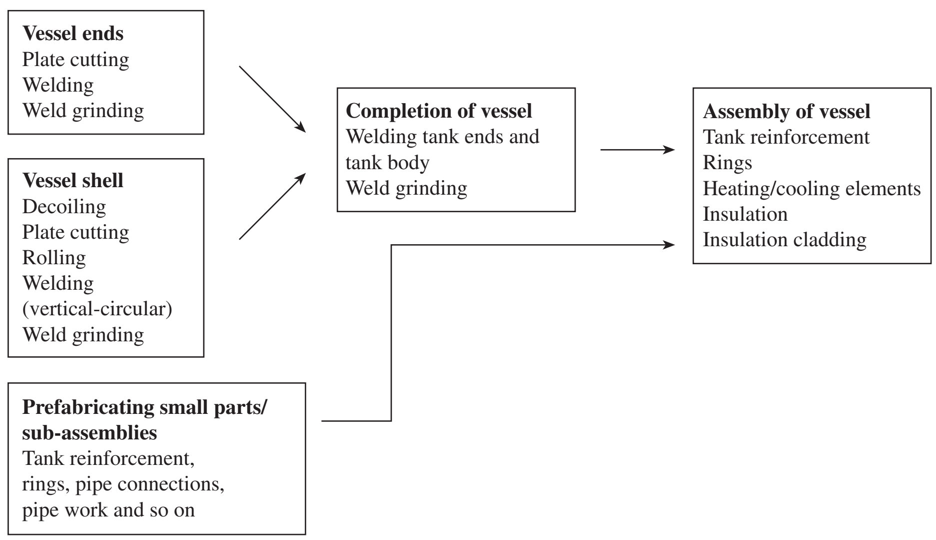
Production process

The production process applied in the manufacturing of the products of the Target Group involves a combination of the technologies and know-how possessed by or accessible to the Target Group. Set out below are illustrations of the production process applied in the manufacturing of certain key products of the Target Group:

(1) **Vessel production process**

Vessels are key sub-assemblies to be fitted into the various products of the Target Group. Different types of transportation, storage and processing equipment are made by assembling vessels with different parts. The production of vessels involves the application of the key technologies and know-how of the Target Group.

The chart below shows the key steps in vessel production.



The flowchart below illustrates the process of vessel production.

Material preparation

Checking and testing

De-coiling

Components forming

Plate cutting

Rolling and bending

Head forming

Head polishing

Welding and assembly

Welding

Plasma welding

Laser welding

X-Ray examination

X-ray checking instrument

Heat-treatment (optional)

Surface handling and hydro-testing

Completion of vessel

(2) **Production process of cryogenic vessels**

The making of a cryogenic vessel takes three steps: fitting a smaller stainless steel vessel into a larger carbon steel vessel, rendering the larger vessel double-walled (the inner wall being the wall of the smaller vessel and the outer wall being the wall of the larger vessel); filling thermal-insulating materials into the space between the inner and outer walls; and creating a vacuum in that space through means of air pumping. This becomes the final product of the cryogenic vessel, in which a low temperature can be maintained.

(3) **Production process of transportation equipment**

Tank containers are developed by assembling vessels or cryogenic vessels with safety accessories, thermal insulation materials and container frames. Transportation vehicles are made by assembling vessels or cryogenic vessels with safety accessories and chassis.

(4) **Production process of storage equipment**

Cryogenic storage tanks are made by completion of steps involving erecting supporting legs at the bottom of cryogenic vessels, painting and on-site testing of the vessels.

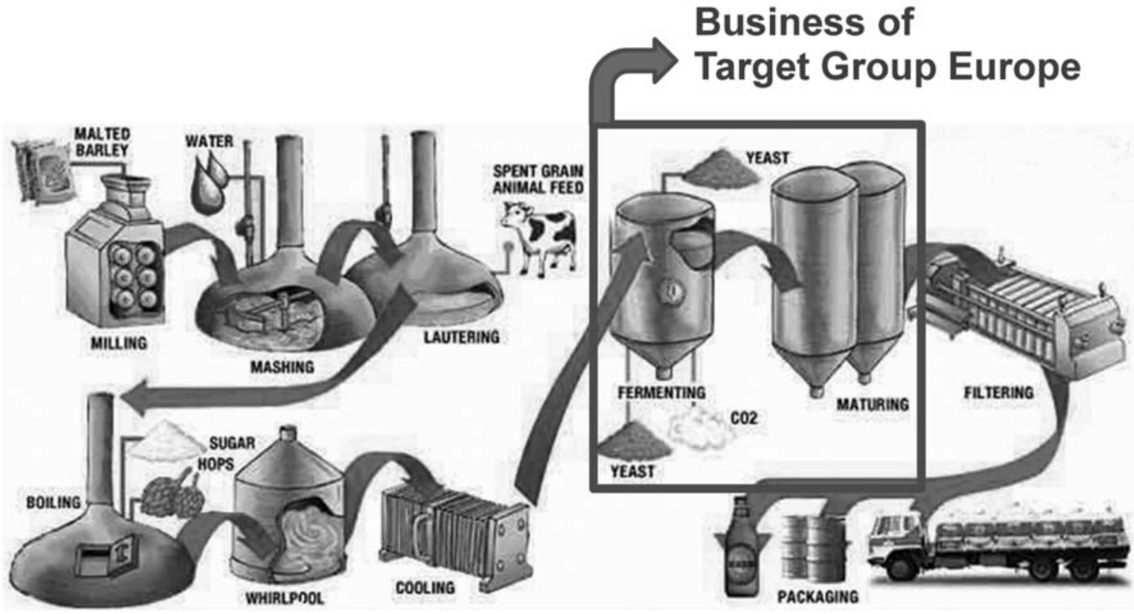
(5) **Processing equipment**

The production process of processing equipment involves installing various apparatuses and devices in or on the vessels to allow chemical reactions to take place when operating the vessels.

(6) **Project engineering**

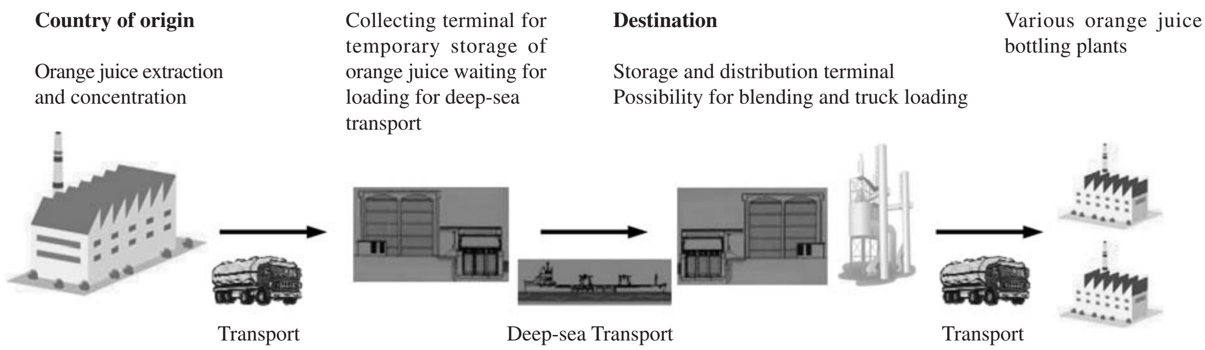
Project engineering services are tailored according to specific customer demands. These services involve engineering, procurement and construction, or "EPC". Examples of project engineering applications include servicing the fruit juice supply chain and LNG supply chain.

(i) *A flow chart of the brewery process*

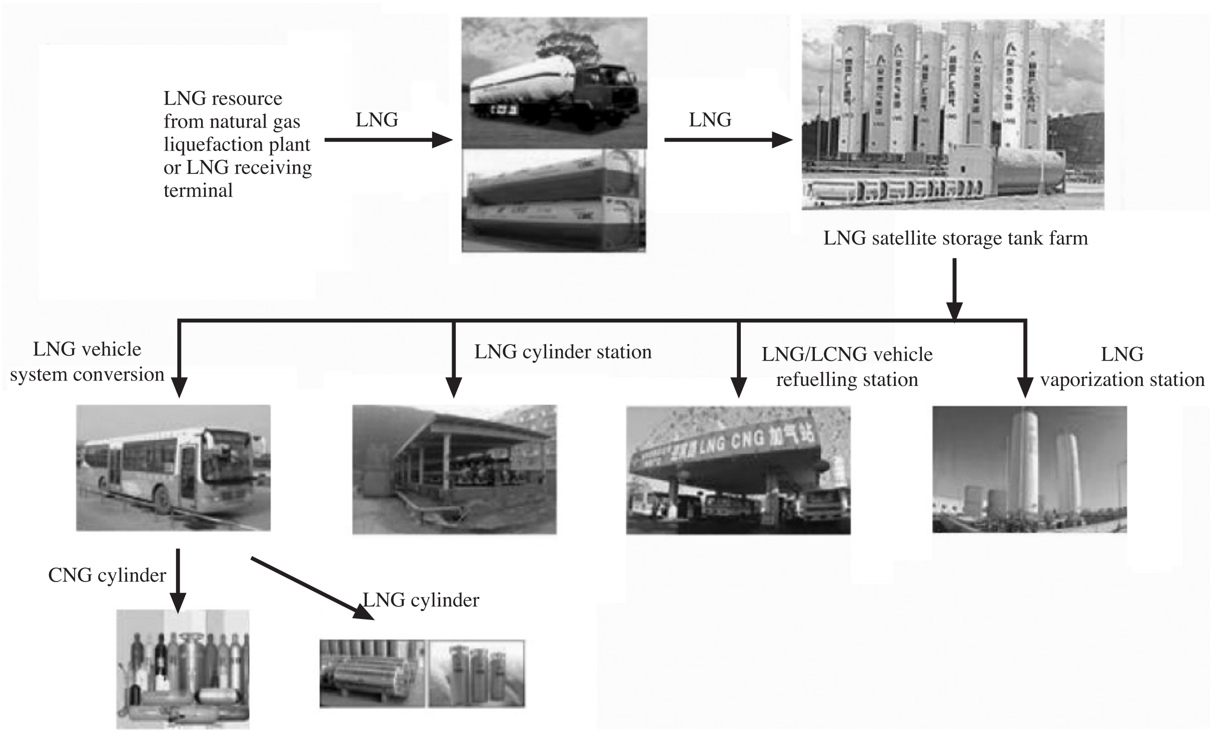


Note: The process and storage tanks shown in the square inside this flowchart is the turnkey tank farm built by the Holvrieka Group.

(ii) *A flow chart of the logistics of fruit juice supply chain*



(iii) *A type of one-stop-shop solution in LNG application supply chain*



QUALITY CONTROL

The quality of products is a reflection of the high technological and managerial sophistication of the Target Group. Through stringent quality control, the Target Group ensures that its products meet national and industrial standards and specific customer needs.

The Target Group China

The quality control teams of the Target Group China oversee the workmanship of the production lines and ensure that all raw materials, semi-finished products and finished products pass through the quality control process and meet all the required standards.

The Target Group China has implemented stringent quality control measures which are in line with national and industrial standards. The Target Group China has, according to the quality assurance system applicable to pressure vessel manufacturing in China and the ASME quality assurance system, formulated quality control rules and regulations throughout the production cycle from manufacturing to provision of after-sale services. The Target Group China also carries out internal and external inspections on its raw material procurement, production and product delivery. Details of the licences, certificates and awards received by the Target Group China are set out in the sub-section headed "Accreditation" of this section.

The Holvrieka Group

The Holvrieka Group has implemented strict quality control measures throughout the whole production process in accordance with international standards. The quality control systems are in place throughout the production cycle, from production of equipment in factories and on-site assembly of process and storage equipment, to after-sales service. This includes control of the quality of raw materials, use of approved and worldwide accepted strength calculation methodologies, advanced coiling performance calculation technology and dimensions measurement, testing, surface roughness testing, weld testing using dye penetration and x-ray control, hydro pressure-testing of finished tanks, and final visual inspection before releasing the tanks to end-users by shipment or on-site delivery. Independent quality control assessment bodies such as Lloyds and Technischer Überwachungsverein TÜV and BV etc. are retained upon request from customers to approve the calculation and witness the testing procedures of the products. Please refer to the sub-section headed "Accreditation" under this section for the certificates and awards received by the Holvrieka Group.

RESEARCH AND DEVELOPMENT

The Target Group China

The Target Group China engages in ongoing research and development activities to meet sophisticated customer requirements, develop new products and maintain its leading-edge capabilities.

The Target Group China's aggregate research and development expenditures were approximately RMB2.4 million, RMB2.8 million and RMB9.3 million for the three years ended 31 December 2006, 2007 and 2008, respectively (equivalent to approximately HK$2.7 million, HK$3.2 million and HK$10.6 million, respectively).

The Directors consider the Target Group China's research and development activities are critical to the continued success of its business. The research and development efforts are focused on the following areas:

(i) designing and developing of new production processes to improve production efficiency and reduce overall manufacturing cost;

(ii) designing and developing of new technologies and products; and

(iii) devising logistics solutions for its customers.

The Target Group China has dedicated teams for its research and development efforts. It has research and design centers located in each of its production bases in Nantong and Zhangjiagang, Jiangsu Province, the PRC. As at the Latest Practicable Date, the Target Group China had 108 engineers on its research and development teams, of which approximately 54.6% of such engineers employed by the Target Group China had Bachelor's, Master's or Doctorate's degrees.

In addition to the in-house research and development teams, the Target Group China has also established long-term research and development relationships with leading universities and technology and research institutes, including 上海交通大學 (Shanghai Jiaotong University) and 浙江大學 (Zhejiang University). Joint research and development helps the Target Group China's engineers to keep abreast of developments in the relevant technology and to meet customers' demands. The products of such joint research and development are jointly owned by the Target Group China and the relevant universities and technology and research institutes. Details of the patents developed by the Target Group China are set out in the paragraph headed "Intellectual property rights of the Group" of the section of "Statutory and General Information" in Appendix VIII to this circular.

The Holvrieka Group

The research and development of the Holvrieka Group's products is conducted in conjunction with its customers. The products of the Holvrieka Group are made according to customer specifications. The sales team of the Holvrieka Group will liaise with the customers to understand their specific needs. The engineering team will then discuss the feasibility and design the specific tanks and equipment to meet the customer requirements.

The Holvrieka Group has also devoted its research and development capabilities to projects including:

(i) further standardisation of beer fermenters with diameters of 6,000 millimeters up to 10,000 millimeters;

(ii) development of tank modules and ship tanks for deep sea liquid orange juice transport. These tanks can be installed in an existing or new ship, providing a lower shipping cost solution for the transport and storage of fresh orange juice or concentrate. Tank terminals with loading bridges, blending installations and truck loading stations can receive orange juice from the tank modules or ship tanks and arrange the onward distribution of the orange juice; and

(iii) development of an in-house top flange, which is a ring or collar that is welded to pipes to stablise it and allow objects to be attached to it.

The Holvrieka Group has also conducted research on project basis and from time to time in collaboration with third parties such as universities, including investigation of the heat transfer criteria in cylinder conical tanks for beer. As at the Latest Practicable Date, the Holvrieka Group did not have any outstanding collaboration agreement with any third party institute. Under such collaboration arrangements, the Holvrieka Group will pay certain amount of research fees for the research conducted, depending on the nature of the research. The results of such research will be owned by the Holvrieka Group.

ACCREDITATION

The Target Group has received various licences, certificates and awards from various organisations and governmental bodies. These awards and certificates evidence the high quality of its products and its strong research and development capabilities.

The Target Group China

The major licences and certificates which the Target Group China has received and are currently effective are set out below:

TIME OF GRANT	LICENCE/CERTIFICATE (Note 1)	AWARDING BODY	GROUP MEMBER BEING AWARDED	EXPIRY DATE (Note 2)
September 2006	ISO 9001: 2000	ABS	Zhangjiagang CIMC	September 2009
April 2007	GB/T19001-2000 (idt ISO9001:2000)	China New Time/CNAS/IAF	Zhangjiagang CIMC	April 2010
June 2007	Manufacturing licence entitled "Certificate of Authorisation" (U-stamp)	ASME	Zhangjiagang CIMC	June 2010
June 2007	Manufacturing licence entitled "Certificate of Authorisation" (S-stamp)	ASME	Zhangjiagang CIMC	June 2010
July 2007	特種設備安裝改造維修許可証(壓力管道) (Installation, Alteration, Repair & Maintenance Licence of Specialised Equipment (pressure tubes)) for pressure vessel for grades GB1, GB2 and GC1	GAQSIQ	Zhangjiagang CIMC	July 2011
December 2007	特種設備制造許可証 (Manufacture Licence of Specialised Equipment) for pressure vessel for grades A2, A3 and C3	GAQSIQ	Nantong CIMC	December 2011
March 2008	特種設備設計許可証 (Design Licence of Specialised Equipment) for pressure vessel for grades A2, C2 and C3	GAQSIQ	Zhangjiagang CIMC	March 2012

TIME OF GRANT	LICENCE/CERTIFICATE *(Note 1)*	AWARDING BODY	GROUP MEMBER BEING AWARDED	EXPIRY DATE *(Note 2)*
March 2008	特種設備制造許可証 (Manufacture Licence of Specialised Equipment) for pressure vessel for grades A2, B3, C2 and C3	GAQSIQ	Zhangjiagang CIMC	March 2012
April 2008	特種設備設計許可証 (Design Licence of Specialised Equipment) for pressure vessel for grades A2, C2 and C3	GAQSIQ	Nantong CIMC	April 2012
October 2008	Manufacturing licence entitled "Certificate of Authorisation" (U-stamp)	ASME	Nantong CIMC	November 2011
October 2008	Manufacturing licence entitled "Certificate of Authorisation" (U2-stamp)	ASME	Nantong CIMC	November 2011

Notes:

1. The manufacturing licences, design licences and installation, alteration, repair and maintenance licences issued by the GAQSIQ set out in this table are the qualifications which must be possessed by the relevant members of the Target Group China in order for them to engage in the business of designing, developing, manufacturing, engineering and sales of, and the provision of technical maintenance services for, the transportation, storage and processing equipment. The manufacturing licences entitled "Certificate of Authorisation" issued by the ASME are the qualifications which must be possessed by the relevant members of the Target Group China for their products to be sold in the U.S. The ISO 9001: 2000 certification granted by the ABS and the GB/T19001-2000 (idt ISO9001: 2000) certification granted by China New Time/CNAS/IAF demonstrate that the relevant members of the Target Group China have implemented quality control systems that are in compliance with the quality control standards set by the ISO. These licences, certificates and awards are either required for, or are crucial to, the business operations of the Target Group China.

2. The licences and certificates set out above are valid for a term of three to four years from the respective date of grant. They are subject to renewal for another term of three to four years upon approval by the relevant organisations and governmental bodies. The renewal process normally takes a few weeks. The Directors do not anticipate any difficulty in obtaining the renewal of the licences and certificates.

The products of the Nantong Group have also received wide recognition from various recognised international classification societies such as the BV of France, CCS of PRC and LR of the UK. Such recognition is a prerequisite for the relevant products to be sold in the U.S. and a majority of the European markets. The Zhangjiagang Group was recognised as a 高新技術企業 (New Hi-tech Enterprise) in Jiangsu Province of the PRC in 2004. It was a member of the 江蘇省火炬計劃 (Jiangsu Province Torch Programme) in 2003 and was recognised as a 國家火炬計劃重點高新技術企業 (National Torch Programme Key Hi-Tech Enterprise) by the 火炬高技術專業開發中心 (Torch Hi-technical Industry Exploitation Centre) of 國家科學技術部 (Ministry of Science and Technology) in 2006. The LNG tank containers manufactured by the Zhangjiagang Group were recognised as a 國家重點新產品 (new national key product) by 國家科學技術部 (Ministry of Science and Technology), 商務部 (Ministry of Commerce), the GAQSIQ and 國家環境保護總局 (State Environmental Protection Administration) of China in 2005. Such recognitions and awards evidence the strong research and development capacities of the Zhangjiagang Group, the high degree of technological intensity and high quality of its products.

The Holvrieka Group

The major certificates and awards which the Holvrieka Group has received and are currently effective (where applicable) are set out as follows:

TIME OF GRANT	CERTIFICATE/AWARD *(Note 1)*	AWARDING BODY	GROUP MEMBER BEING AWARDED	EXPIRY DATE *(Note 2)*
2002	"Maritime Innovation Award 2002 - Flexible Tank Modules"	Holland Marine Equipment Association	Holvrieka Nirota	N/A
May 2006	"Certificate of Authorisation" (U-stamp)	ASME	Holvrieka Danmark	July 2009
July 2006	ISO9001:2000	ISO	Holvrieka Ido	July 2009
July 2006	"Product certificate for pressure tanks up to 750,000 liters" (Russia)	GOST-R Russian Authorities	Holvrieka Danmark	July 2009
July 2006	"The National Board of Boiler & Pressure Vessel Inspectors - Certificate of Authroisation"	National Board of Boiler & Pressure Vessel Inspectors	Holvrieka Danmark	July 2009
October 2006	ISO9001:2000	ISO	Holvrieka Nirota Danmark	September 2009
November 2006	"TÜV - AD 2000 - Merkblatt HP0"	TÜV NORD Systems	Holvrieka Danmark	October 2009
July 2007	"TÜV production quality assurance (Module D)"	TÜV NORD Systems	Holvrieka Danmark	June 2010

Notes:

1. The product certificates and manufacturing certificates set out in this table are qualifications which must be possessed by the relevant members of the Holvrieka Group in order for them to engage in the business of designing, developing, manufacturing, engineering and sales of, and the provision of technical maintenance services for, the storage equipment. The certificate of authorisation issued by ASME is the qualification which must be possessed by the relevant members

of the Holvrieka Group for their products to be sold in the U.S. The TUV production quality assurance and the TUV WHG certificate issued by TUV NORD Systems demonstrate that the quality assurance system of the relevant members of the Holvrieka Group has met the standards recognised by ASME and TUV NORD Systems. The ISO9001:2000 certification demonstrates that the relevant members of the Holvrieka Group have implemented quality control systems that are in compliance with the quality control standards set by the ISO.

2. The certificates set out above are valid for a term of one to three years from their date of grant. They are subject to renewal for another term of one to three years upon approval by the relevant government bodies and other organisations. The renewal process normally takes between 2 to 6 weeks. The Directors do not anticipate any difficulty in obtaining the renewal of such certificates.

PROCUREMENT

Raw materials such as stainless steel and heat-insulating materials are used in the manufacturing of products of the Target Group. These raw materials can be obtained from domestic and overseas suppliers.

The Target Group China

The raw materials used by the Target Group China consist mainly of stainless steel, steel coils and carbon steel tubes. For the three years ended 31 December 2006, 2007 and 2008, the cost of raw materials used by the Target Group China amounted to approximately RMB1,279.3 million, RMB2,093.2 million and RMB2,534.8 million, respectively, (equivalent to approximately HK$1,462.9 million, HK$2,393.6 million and HK$2,898.6 million, respectively) representing 91.7%, 93.4% and 93.4%, respectively, of the total cost of sales of the Target Group China for the same periods.

The Target Group China sources raw materials from a group of domestic and overseas suppliers that are selected based on quality, price, delivery time and after-sales services. It does not rely on any single raw material supplier. During the Track Record Period, the Target Group China had a large number of raw material suppliers, among which, approximately 100 suppliers had maintained business relationships with the Target Group China since 2003. These suppliers provided stable source of supply for the raw materials required by the Target Group China in its production. The Target Group China did not experience any difficulty in sourcing raw materials during the Track Record Period.

During the Track Record Period, the Target Group China sourced substantially all of its raw materials independently. It also sourced a quantity of raw materials from a number of major suppliers introduced by CIMC. For the three years ended 31 December 2006, 2007 and 2008, the purchase of raw materials from major suppliers introduced by CIMC amounted to approximately RMB11.0 million, RMB14.2 million and RMB13.5 million, respectively (equivalent to approximately HK$12.6 million, HK$16.2 million and HK$15.4 million, respectively), representing 0.8%, 0.6% and 0.5%, respectively, of the total purchase of raw materials of the Target Group China. Under the framework raw material supply agreements entered into between CIMC and such suppliers, CIMC and its subsidiaries, including Nantong CIMC and Zhengjiangang CIMC (both of which will remain as subsidiaries of CIMC until completion of the Proposed Transactions), could purchase raw materials from those suppliers according to their own needs, by entering into individually negotiated and executed purchase agreements directly with the relevant suppliers. Each of those purchase agreements would specify the individually negotiated quantity and purchase price of the relevant raw materials. Nantong CIMC and Zhangjiagang CIMC may purchase raw materials from other suppliers if the terms so offered were more favourable than those offered by the suppliers introduced by CIMC.

Given that CIMC has established long-term relationships with its major suppliers, favourable supply terms are generally offered to CIMC. A number of steel suppliers of CIMC are well-known steel companies, which provides a stable source of steel supply for CIMC and, in turn, Nantong CIMC and Zhangjiagang CIMC. As at the Latest Practicable Date, Nantong CIMC and Zhangjiagang CIMC had not experienced any raw material supply shortage.

For the three years ended 31 December 2006, 2007 and 2008, the purchase from the five largest suppliers of the Target Group China amounted to approximately RMB796.2 million, RMB1,262.2 million and RMB1,379.8 million, respectively (equivalent to approximately HK$910.5 million, HK$1,443.3 million and HK$1,577.8 million, respectively), representing 54.4%, 54.3% and 52.4%, respectively, of the total purchase of raw materials of the Target Group China. During the same periods, the single largest supplier of the Target Group China accounted for approximately 21.4%, 23.4% and 19.3%, respectively, of the total purchase of raw materials of the Target Group China.

All of the five largest suppliers of the Target Group China are Independent Third Parties. None of the Directors or any substantial shareholders of the Company has any interest, direct or indirect, in any of the five largest suppliers for the three years ended 31 December 2006, 2007 and 2008.

Electricity, steam, diesel oil and water are the principal power sources that the Target Group China uses in its production process. The Target Group China did not experience any disruption resulting form utility supply shortage during the Track Record period. The Target Group China does not foresee any significant suspension of supply of those utilities.

The Holvrieka Group

The main type of raw materials used by the Holvrieka Group is hot and cold rolled stainless steel. This includes coil and flat sheets in various qualities and thickness. For the three years ended 31 December 2006, 2007 and 2008, the cost of raw materials used by the Holvrieka Group amounted to approximately EURO 58.4 million, EURO 72.5 million and EURO 80.6 million, respectively, (equivalent to approximately HK$592.3 million, HK$735.4 million and HK$817.5 million, respectively) representing approximately 78.6%, 80.3% and 79.7% of the total cost of sales of the Holvrieka Group, respectively.

The Holvrieka Group sources raw material from certain leading European stainless steel mills which meet international standards. This has placed the Holvrieka Group in a more secured position in raw material procurement to avoid any over-reliance on a single supplier who may exercise monopolistic power and dictate less favourable terms.

For the three years ended 31 December 2006, 2007 and 2008, the purchase from the five largest suppliers of the Holvrieka Group amounted to approximately EURO 24.2 million, EURO 32.9 million and EURO 27.8 million, respectively, (equivalent to approximately HK$245.5 million, HK$333.7

million and HK$282.0 million, respectively) representing approximately 41.7%, 46.0% and 33.6%, respectively, of the total purchase of raw materials of the Holvrieka Group for the same periods. During the same periods, the single largest supplier of the Holvrieka Group accounted for approximately 20.7%, 19.6% and 11.6%, respectively, of the total purchase of raw materials of the Holvrieka Group.

All of the five largest suppliers of the Holvrieka Group are Independent Third Parties. None of the Directors or any substantial shareholders of the Company has any interest, direct or indirect, in any of the five largest suppliers for the three years ended 31 December 2006, 2007 and 2008.

Electricity and natural gas are the principal power sources that the Holvrieka Group uses in its manufacturing process. Supply of those utilities was stable during the Track Record Period. The Holvrieka Group does not foresee any significant suspension of supply of those utilities.

INVENTORY CONTROL

The inventory of the Target Group is comprised principally of raw materials, spare parts, semi-finished products and finished products. The Target Group implements adequate and effective inventory control policies in order to maintain an optimal inventory level which meets its business needs.

The Target Group China

The inventory of the Target Group China comprises raw materials, consignment materials, spare parts, work in progress and finished goods. For principal raw materials, the Target Group China maintains a minimum inventory level which is sufficient for use in production for one to three months. There is established access to a stable supply of valves and steel of certain specifications from a number of suppliers, and the raw materials will only be supplied as and when needed by the Target Group China. This inventory policy also enables the Target Group China to manage its good cash flow position. For certain raw materials that tend to fluctuate in price, such as stainless steel, the Target Group China will increase its purchases when prices of such raw materials are relatively low. The Target Group China performs regular adjustments to its raw material turnover period based on the number of orders placed by its customers. The finance staff of the group conduct regular inventory checks on a monthly basis, followed by a thorough check at the end of each financial year. The Directors believe that the policies of the Target Group China in relation to inventory control are adequate and effective.

As at 31 December 2006, 2007 and 2008, the Target Group China had inventory balances of approximately RMB461.7 million, RMB724.2 million and RMB748.0 million, respectively (equivalent to approximately HK$528.0 million, HK$828.1 million and HK$855.3 million, respectively).

The value of the inventory of the Target Group China is largely affected by the fluctuation of market prices for nickel, molybdenum, chromium and iron, which are raw materials for producing stainless steel. These raw materials are generally not susceptible to loss of value by passage of time.

The Holvrieka Group

The inventory of the Holvrieka Group comprises mainly raw materials. The inventory of the Holvrieka Group is based upon the actual needs of the projects and pending orders. Orders for raw materials are placed as and when a project is awarded. The Directors believe that the policies of the Holvrieka Group in relation to inventory control are adequate and effective.

As at 31 December 2006, 2007 and 2008, the Holvrieka Group had inventory balances of approximately EURO 14.4 million, EURO 14.8 million and EURO 11.4 million, respectively (equivalent to approximately HK$146.1 million, HK$150.1 million and HK$115.6 million, respectively).

SALES AND MARKETING

There are dedicated sales and marketing teams within the Target Group that are responsible for conducting market research, formulating marketing strategies and developing customer relationships. They serve a large number of customers of the Target Group.

The Target Group China

The sales and marketing team of the Target Group China focuses on (1) product advertising which is carried out through communication with customers, distribution of product samples, and participation at exhibitions organised by the logistics industry and (2) establishing and maintaining customer relationships. As at the Latest Practicable Date, the sales and marketing teams of the Target Group China had a total of 42 staff. During the Track Record Period, the Nantong Group engaged CIMC as its sales agent for the sale of all of its products. Under such agency arrangement, CIMC was responsible for liaising with the potential customers in relation to the sales of the Nantong Group's products and negotiating the terms of the sales contracts with the potential customers. The Nantong Group was responsible for developing and supplying products according to customers' specifications. Such an arrangement enabled the Nantong Group to make use of the established customer network of CIMC. It also facilitated the expansion of sales of the Nantong Group's products. In certain circumstances, certain key customers of CIMC required CIMC to provide centralised supply of a large variety of products including the products manufactured by the Nantong Group to them and in order to maintain good business relationships with these customers, despite CIMC's role as a sales agent, the contracts for the sale of the Nantong Group's products were entered into between CIMC and the customers. CIMC received commission for acting as such sales agent which was determined based on the units of products sold. For the three years ended 31 December 2006, 2007 and 2008, such commission paid by the Nantong Group to CIMC was approximately US$1.3 million (equivalent to approximately HK$10.2 million), US$1.6 million (equivalent to approximately HK$12.5 million) and US$2.1 million (equivalent to approximatley HK$16.4 million), respectively. Upon completion of the Proposed Transactions, the agency arrangement between the Nantong Group and CIMC will be terminated. Following completion of the Proposed Transactions, the sales team of CIMC which was responsible for the sales of the products of the Nantong Group will be transferred to the Company together with the customer lists and will continue to be responsible for the sales of the products of the Nantong Group. The Restructured Group will conduct centralised sales of the Nantong Group's products from the group level. The contracts for the sale of the Nantong Group's products will be entered into between the Company and the customers. During the Track Record Period, the Zhangjiagang Group sold its products through its own sales channels and did not engage any agent for the sales of its products, and such sales mode will remain unchanged upon completion of the Proposed Transactions. Product advertising of the Target Group China is primarily carried out through participating in product exhibitions, attending industrial annual conferences, posting advertisements on public websites, as well as organising new product promotion events.

Upon completion of the Proposed Transactions, the Target Group China will have independent access to customers and will be able to conduct sales under its own sales team. The Target Group China will also engage its own domestic and overseas agents for the sales of its products when it deems necessary and appropriate. As the entire sales team of CIMC which was responsible for the sale of the Nantong Group will be transferred to the Company together with the relevant customers lists, customers who dealt with such sales team will continue to deal with it following completion of the Proposed Transactions. CIMC will also inform such customers of the acquisition of the Nantong Group by the Company upon completion of the Proposed Transaction. These measures, coupled with the fact that CIMC will not engage in the manufacturing of the products manufactured by the Nantong Group, will ensure that the existing customers of CIMC which purchased the Nantong Group's products will place orders with the Company for the Nantong Group's products, and will ensure the smooth transfer of the relevant customer base of CIMC for the Nantong Group's products to the Restructured Group.

Upon completion of the Proposed Transactions, CIMC may enter into transactions with the customers which purchased the Nantong Group's products during the Track Record Period. However, any such transactions will be for products that are different from those manufactured by the Restructured Group. Pursuant to the Deed of Non-compete Undertakings, CIMC has undertaken that subject to certain exceptions, it will not compete with the Restructured Group. The Target Group China's business will therefore not be affected by the termination of the agency arrangement between CIMC and the Nantong Group. Further details of the Deed of Non-compete Undertakings are set out in the section headed "Relationship with the Controlling Shareholder" of this circular.

The Holvrieka Group

The sales and marketing team of the Holvrieka Group is mainly responsible for (1) securing domestic and overseas orders; (2) visiting the customers at their premises; (3) collecting feedback from customers. As at the Latest Practicable Date, the sales team of the Holvrieka Group had a total of 16 staff. Members of the sales team visit the customers at their premises. The Holvrieka Group also engages independent local third party agents in many countries to solicit foreign customers. The commission paid by the Holvrieka Group to local third party agents was negotiated between the parties on arm's length basis. The total amount of commission paid by the Holvrieka Group to local third party agents for the three years ended 31 December 2006, 2007 and 2008 amounted to approximately EURO 438,000 (equivalent to approximately HK$4.4 million), EURO 183,000 (equivalent to approximately HK$1.9 million) and EURO 228,000 (equivalent to approximately HK$2.3 million). The comparatively significant amount of commissions paid to local third party agents for the year ended 31 December 2006 was related to a new orange juice turnkey project in Latvia, Europe. The Holvrieka Group participates in sales and marketing activities such as exhibitions and trade shows for the food and beverage industry held in countries such as Germany and Poland.

Domestic and export sales

The Target Group China

The Nantong Group sells its products primarily to its overseas customers in Europe, the US and Australia, whilst a vast majority of the customers of the Zhangjiagang Group are Chinese customers.

The table below sets out the information on the Target Group China's sales in China and overseas for the three years ended 31 December 2006, 2007 and 2008:

	For the year ended 31 December					
	2006		2007		2008	
Geographical Sales:	RMB million	%	RMB million	%	RMB million	%
Sales in China	531.5	29.7	560.1	20.4	952.7	28.7
Overseas Sales						
Europe	669.7	37.5	1,291.8	47.2	1,289.7	38.9
North America	342.1	19.1	271.6	9.9	659.0	19.9
Australia	—	—	48.1	1.8	—	—
Japan	183.4	10.3	195.1	7.1	257.4	7.8
Other overseas market	61.3	3.4	372.5	13.6	157.5	4.7
Subtotal	1,256.5	70.3	2,179.1	79.6	2,363.6	71.3
Total sales	1,788.0	100.0	2,739.2	100.0	3,316.3	100.0
Less: Sales tax	0.7		0.1		1.1	
Net sales	1,787.3		2,739.1		3,315.2	

The Holvrieka Group

While the products of the Holvrieka Group are sold mostly to overseas customers, a substantial portion of the orders are placed by those overseas customers through entities located in Europe. Accordingly, the revenue generated from those sales are recorded as sales in Europe. Such customers are based in emerging market countries such as South America, Africa, Eastern Europe, Ukraine, Belarus and Russia.

The table below sets out the information on sales in Europe and overseas sales of the Holvrieka Group for the three years ended 31 December 2006, 2007 and 2008:

	For the year ended 31 December					
	2006		2007		2008	
Geographical Sales:	Euro '000	%	Euro '000	%	Euro '000	%
Sales in Europe:						
Netherlands	16,730	20.4	19,959	18.6	32,138	26.5
Other countries in the European Union	48,620	59.3	55,063	51.3	67,670	55.7
Other countries in Europe	14,718	18.0	16,655	15.5	10,483	8.6
Overseas Sales						
Asia	—	—	7,967	7.4	964	0.8
Other overseas markets	1,886	2.3	7,741	7.2	10,178	8.4
Total	81,954	100.0	107,385	100.0	121,433	100.0

Customers and after-sales service

The Target Group China

Customers of the Target Group China include a large number of domestic and overseas gas producers and suppliers, steel companies, industrial gas companies, hazardous goods logistics companies, hospitals, and food companies.

For the three years ended 31 December 2006, 2007 and 2008, sales to the five largest customers of the Target Group China amounted to approximately RMB875.0 million, RMB1,348.0 million and RMB1,616.4 million, respectively (equivalent to approximately HK$1,000.6 million, HK$1,541.5 million and HK$1,848.4 million, respectively), representing approximately 48.9%, 49.2% and 48.7% of the total turnover of the Target Group China, respectively. During the same periods, sales to the single largest customer accounted for approximately 12.2%, 14.7% and 14.0%, respectively, of the total turnover of the Target Group China.

All of the five largest customers are Independent Third Parties. None of the Directors or substantial shareholders has any interest, direct or indirect, in any of the top five customers of the Company for the three years ended 31 December 2006, 2007 and 2008.

The after-sales service team of the Target Group China provides routine and emergency technical support to its customers by addressing customer queries, supplying spare parts and components, providing supporting documents required for the use of its tank containers, and taking immediate actions to solve technical problems. The after-sales services provided by the Target Group China also include system operation training. If on-site inspection is required, technical staff will visit the customers and provide services in an expedient manner. The Target Group China also provides lifelong after-sales service for its products. Fees will be charged for these services after expiration of the warranty which is for a term of not less than one year depending on the types of the products.

The Target Group China provides warranty for all of its products. The warranty periods vary depending on the type of the products. The warranty period for a majority of the products of the Target Group China is one year and that for other products ranges from one to three years. Longer warranty periods may be provided for accessories of the products or for certain functions of the products. For example, the warranty period for pre-treatment of steel and application of paint against corrosion and paint failure is normally five years.

The Holvrieka Group

Customers of the Holvrieka Group include a large number of international leading players in the brewery, food and beverage, chemical and pharmaceutical industries. Purchase orders from the customers are generally based on their specific requirements. The Holvrieka Group is a competitive player in the stainless steel process and storage tanks market due to its qualification, reputation and brand name, product quality and product portfolio.

For the three years ended 31 December 2006, 2007 and 2008, sales to the five largest customers of the Holvrieka Group amounted to approximately EURO 35.1 million, EURO 24.4 million and EURO 32.3 million, respectively (equivalent to approximately HK$356.0 million, HK$247.5 million and HK$327.6 million, respectively), representing approximately 42.8%, 22.7% and 26.6% of the total turnover of the Holvrieka Group, respectively. During the same period, sales to the single largest customer accounted for approximately 17.2%, 5.5% and 7.4%, respectively, of the total turnover of the Holvrieka Group.

All of the five largest customers are Independent Third Parties. None of the Directors or substantial shareholders has any interest, direct or indirect, in any of the top five customers of the Company for the three years ended 31 December 2006, 2007 and 2008.

The after-sales service provided by the Holvrieka Group includes provision of routine and emergency technical support to its customers by addressing customer queries, supply of spare parts and components, and provision of engineering services for modification of tanks upon specific customer request. The Holvrieka Group provides standard warranties to the customers. The warranty is generally free of charge for 12 months. During the warranty period, the Holvrieka Group will pay for the parts and labour covered by the warranty based on actual cost.

Product delivery

The Target Group China

In most cases, customers take delivery of the products at designated places by road or sea transport in accordance with the sales contracts that they have entered into with the Target Group China. Transportation expenses are in most circumstances borne by the customers.

Different product delivery modes have been adopted by the Target Group China depending on the categories of products being delivered. During the Track Record Period, over 50% of the customers of the Target Group China took delivery of products at the factory premises of the Target Group China or other designated places at their own expenses. For other customers, the Target Group China delivered the products in accordance with the sales contracts which it had entered into with its customers at the expenses of its customers. On-site installation was required for certain project engineering products of the Target Group China, in which case the Target Group China delivered those products to the sites where engineering projects were undertaken.

The Holvrieka Group

Products of the Holvrieka Group are either delivered or shipped via specialised transportation all over the world. For on-site assembled storage or process tanks, the factory-produced components are packed in standard ISO containers or specially-designed pallets and shipped all over the world. For on-site assembly, carefully selected sub-contractors will be retained for local assembly under the supervision of the staff of the Holvrieka Group.

Product pricing, settlement and receivables

The Target Group China

The sales and marketing teams of the Target Group China are responsible for its product pricing. Product prices are determined by reference to the prevailing market conditions and other factors, including the cost of the products and the value-added services to be provided to the customers.

Customers of the Target Group China make payment in cash and, more commonly, by letters of credit. There are two main types of settlement terms for sales to its customers: (1) the Target Group China generally requires its customers including domestic customers to pay a certain percentage of the contract price (normally 30% of the contract price) as prepayment within ten days after the signing of the relevant sales and purchase contracts, and the balance is generally required to be settled in full before delivery; and (2) purchases by customers which have long-term relationships with the Target Group China are generally required to be fully settled within 30 to 90 days, following delivery, and the length of the period is decided by reference to records from previous dealings. The Target Group China maintains a certain level of accounts receivable, which represent payments due from certain long-term customers and customers undertaking large projects.

The Target Group China did not have any material bad debt or doubtful debt during the Track Record Period. It makes provisions for bad debts that are sufficient to make up the accounts receivable which it is unable to recover according to the applicable accounting standards.

The Holvrieka Group

Pricing of the stainless steel process and storage tanks is based primarily on the cost of production and the desired profit margins. The Holvrieka Group generally requires its customers to pay a certain percentage of the contract price (normally 30% of the contract price) as down payment within ten days after the signing of the relevant sales and purchase contracts. The balance is generally required to be settled by installments, with the final 10% of the contract price being paid in full within one to three months after the final hand over certificate is given. The Holvrieka Group maintains a certain level of accounts receivable, which represent payments due from certain of its long-term customers and customers undertaking large projects. The Holvrieka Group has taken necessary measures to lower the level of its accounts receivable.

The Holvrieka Group did not have any material bad debt or provision for doubtful debt during the Track Record Period. The Holvrieka Group has made sufficient provision for doubtful debt according to the accounting principles of the Holvrieka Group for the Track Record Period.

COMPETITION

The Target Group competes with certain large-scale manufacturers of transportation, storage and processing equipment in both domestic and overseas markets. The level of competition varies, depending on the categories of products involved.

The Target Group China

The Target Group China is in a competitive position in the transportation, storage and processing equipment market. The Directors believe that it competes with a number of manufacturers in the domestic and overseas markets, on the basis of a number of factors, including financing capabilities, production capacity, technical competence, quality control, cost management, efficiency, and customer service.

The Nantong Group

The Nantong Group primarily focuses on the manufacturing and sales of tank containers. The Directors believe that reliable design, strong capital base and efficiency are required by the manufacturers of such category of products.

In addition to the advantages associated with its operational scale, the strong fund-raising capabilities, large production capacity and ability to meet the changing technical specifications of its customers are conducive to the leading position of the Nantong Group in this product category. The Nantong Group aims at maintaining its leading position in the manufacturing of tank containers through improving its research and development capabilities, maintaining good relationships with its top-tier customers, and expanding into new markets with relatively high profit margins.

The Zhangjiagang Group

The Zhangjiagang Group is principally engaged in the manufacturing and sales of cryogenic storage equipment. The Directors believe that there exists a certain level of competition in the domestic market in this product category but competition is stringer in the international market. The Zhangjiagang Group will maintain its competitiveness in the cryogenic storage equipment market through introducing new technologies, new raw materials and new products to its operations.

The Zhangjiagang Group maintains good market reputation in the area of cryogenic equipment manufacturing. It distinguishes itself from its competitors by virtue of its advanced technologies and its sales and marketing network. It is in a competitive position in market development, sales, product delivery and customer services. It is also exercising increasing influence in the area of cryogenic equipment manufacturing by taking advantages of its good relationships with its top-tier customers. It is, however, expected that fierce market competition in this product category will continue.

The Holvrieka Group

The Holvrieka Group maintains a competitive postion in the stainless steel process and storage tank producers in the international chemical (including pharmaceutical) and liquid food (including beer, fruit juice and milk) industries in terms of quality, strong reputation and brand name, and global coverage. The three main competitors of the Holvrieka Group are European stainless steel tanks manufacturers. The Holvrieka Group differentiates itself from its competitors who offer complete brewery production packages by specialising in delivering a part of the equipment needed in the larger brewery production process. The Holvrieka Group is able to compete effectively with these competitors, by reason that there is a growing trend for the brewery producers to purchase large tanks separately, as it is a major amount of the total investment budget, of which they would like to spend on the state-of-the-art product.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, the Target Group owned 17 registered trademarks in China. The "Holvrieka" trademark has not been registered in the Netherlands, Belgium or Denmark. Under the laws of Denmark and of Belgium, however, the "Holvrieka" trademark used by the Holvrieka Group is protected even without registration. The Target Group China has also applied for the registration of 2 trademarks. Details of the trademarks of the Target Group are set out in the section headed "Statutory and General Information" in Appendix VIII to this circular.

As at the Latest Practicable Date, the Target Group owned 22 patents in China. Details of the patents of the Target Group are set out in the section headed "Statutory and General Information" in Appendix VIII to this circular.

The Target Group's competitive strengths in advanced technologies and strong research and development capabilities have been evidenced by the 22 patents owned by the Target Group China. The Target Group China has developed certain technologies in collaboration with renowned universities and research institutes, which technologies are crucial for the business operations of the Target Group China, and have enabled and will continue to enable it to maintain its competitive position in the market. The Target Group China has applied for the grant of patents in respect of some of these technologies in China.

The table below sets out a list of the crucial technologies owned by the Target Group China in respect of which the Target Group China has applied for the grant of patents:

Owner of technologies	Descriptions of technologies
CIMC, 浙江大學 (Zhejiang University) and Zhangjiagang CIMC	Container strain strengthening system and austenitic stainless steel low temperature container produced by such system (容器應變強化系統及其所生產的奧氏體不鏽鋼低溫容器)
CIMC Vehicle Group, Zhangjiagang CIMC	Anti-slip device for vehicles (機動車防溜車裝置)
CIMC Vehicle Group, Zhangjiagang CIMC	Internal container supporting structure for low temperature insulated gas cylinder (低溫絕熱氣瓶的內膽支撐結構)
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	LNG refuelling equipment and refuelling method (液化天然氣加氣機及加氣方法)
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	LNG pressure adjusting system and its adjusting method (一種LNG調壓系統及其調壓方法)
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	Trough vehicle with digital electronic monitoring device (具有數字式電子監測裝置的槽車)
Nantong CIMC and CIMC	Large cylindrical containers (大容積罐式集裝箱)
Nantong CIMC and CIMC and 南通中集特種運輸設備製造有限公司 (Nantong CIMC Special Transportation Equipment Co., Ltd.)	Cylindrical container with electronic monitoring device (帶有電子監測裝置的罐式集裝箱)

INSURANCE

The Target Group has taken out various insurance policies which the Directors believe to be sufficient to cover the risks of loss and consistent with the industry practice.

The Target Group China

The Nantong Group has taken out property insurance, product liability insurance, transportation insurance, machinery damage insurance, vehicle insurance, and public liability insurance. The Zhangjiagang Group has taken out property all-risk insurance for all of its properties, and product liability insurance for products sold overseas. The product liability insurance of the Target Group China covers liability arising from potential damages and explosion of its products during transportation of the products and after delivery so long as the products are within the warranty period (please refer to paragraph headed "Customers and after sales service" in this section).

CIMC has taken out group product liability insurance which covers risks associated with certain products of the Target Group China. Upon completion of the Proposed Transactions, the group product liability insurance taken out by CIMC will continue to cover risks associated with the products of the Target Group China until expiry.

The Holvrieka Group

Burg Industries has taken out several types of group insurance which cover risks associated with products, equipment and buildings of the Holvrieka Group. These include transportation insurance, CAR (construction all risks) insurance and product liability insurance, covering risks arising from potential damages and explosion of its products during the production, transportation and installation stages of a project, and covers the whole lifetime of the products irrespective of the warranty period (please refer to paragraph headed "Customers and after sales service" in this section). Upon completion of the Proposed Transactions, the Holvrieka Group will have its own insurance policy to cover its products, equipment and buildings.

ENVIRONMENTAL PROTECTION

The Target Group is subject to national and local environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters promulgated by the national, provincial and municipal legislatures and governments in China, the Netherlands, Denmark and Belgium. Under those environmental laws and regulations, business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their operation plans, and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the course of construction, production or other activities. Business entities are also required to install pollution treatment facilities with the relevant environmental standards and to treat pollutants before discharge.

As elaborated below, the Target Group has taken the necessary environmental protection measures and as at the Latest Practicable Date, was in compliance with the applicable environmental laws and regulations in all material respects.

The Target Group China

As at the Latest Practicable Date, based on information available to the Directors, the Directors are of the view that during the Track Record Period the Target Group China had obtained all major environmental approvals required for their construction projects from the relevant government authorities. The production processes of the Target Group China generate acid water, waste gas, industrial dust, solid waste, and noise. Competent staff have been designated to take charge of environmental protection matters. Adequate measures have been taken in each production process to prevent causing pollution to the environment.

The Target Group China has installed acid water treatment and waste water treatment facilities at its production sites, which ensures that no acid water or waste water will be discharged without meeting the relevant standards. To deal with the paint fog and waste gas generated in the painting process, the Nantong Group has adopted the special filter method and the Zhangjiagang Group has adopted the water circulation method. Wirlwind dust removers and bag dust removers are installed to deal with dusts generated from the cleaning process. Treatment of solid waste has been entrusted to professional solid waste treatment companies. The Target Group China has also adopted a hydraulic pressure system to reduce noises generated in its production activities.

For the three years ended 31 December 2006, 2007 and 2008, investments in environmental protection by the Target Group China amounted to approximately RMB10.5 million, RMB4.8 million and RMB6.5 million, respectively (equivalent to approximately HK$12.0 million, HK$5.5 million and HK$7.4 million, respectively).

The Holvrieka Group

As at the Latest Practicable Date, based on information available, the Directors are of the view that during the Track Record Period the Holvrieka Group had obtained all material environmental approvals required for their construction projects from the relevant authorities. The Holvrieka Group discharges pollutants such as waste water during the production process. The Holvrieka Group has its own waste water treatment plant to cater for the proper management of waste water throughout the production process. For details of the laws and regulations applicable to the Holvrieka Group, please refer to the sub-sections headed "Regulatory Overview of the Netherlands", "Regulatory Overview of Denmark" and "Regulatory Overview of Belgium" in the section headed "Industry Overview" of this circular.

For the three years ended 31 December 2006, 2007 and 2008, investments in environmental protection by the Holvrieka Group amounted to approximately nil, EURO 45,000 (equivalent to approximately HK$456,431) and EURO 5,000 (equivalent to approximately HK$50,715), respectively.

WORK SAFETY

As elaborated below, the Target Group was in compliance with the applicable laws and regulations in relation to production safety and health in all material respects. It has maintained adequate measures to ensure safety in work places.

The Target Group China

The Target Group China regards occupational health and safety as one of its important social responsibilities. The business operations of the Target Group China involves risks and hazards that may result in death, personal injuries, and damages or destruction to properties.

《中華人民共和國安全生產法》(The Production Safety Law of the PRC) and other relevant laws, regulations, and national and industrial standards all require the Target Group China to maintain conditions for safe production. The design, manufacturing, installation, use, checking and maintenance of the safety equipment of the Target Group China are required to comply with the applicable national and industrial standards. The Target Group China is also required to provide training to its employees on production safety.

The Labour Law of the PRC requires the Target Group China to establish a system for labour safety and sanitation, to provide its employees with labour safety and sanitation conditions that meet the national standards. It is also required to adopt measures to control occupational injuries and deceases, and to carry out regular health examinations of its employees engaged in hazardous operations.

The Target Group China has established production safety departments to oversee the safety and sanitation in the work places. They are responsible for the observance of the safety laws and regulations at various levels, and the formulation of internal safety and health rules that are specific to the nature of business of the Target Group China. There are also safety pre-assessments for its new projects by reference to the applicable regulations. Occupational safety and health facilities are installed at the same time as new projects are launched. The production safety departments closely monitor the safety conditions in the work places. Regular checks of special equipment subject to high level of safety standards are carried out by qualified staff. Staff engaged in hazardous operations are required to pass examinations before assigned to work.

As at the Latest Practicable Date, the Target Group China did not experience any significant industrial accident resulting in fatalities. The PRC legal advisers to the Company and (based on information available to the Directors) the Directors are of the view that as at the Latest Practicable Date, the Target Group China had been in compliance with all the relevant laws and regulations in relation to production health and safety in all material respects.

The Holvrieka Group

The Working Conditions Act of the Netherlands requires Holvrieka Nirota, Holvrieka Ido and Noordkoel to ensure a safe working environment for all employees. The Working Conditions Act is a framework act and the general principle is that the employer must involve its employees when formulating a health and safety policy within the enterprise.

The Law of 4 August 1996 of Belgium requires Holvrieka N.V. to maintain safe working conditions for employees. It requires Holvrieka N.V. to prepare regular risks analysis, global prevention plan and annual action plan which provide a planned and structured approach to prevent occupational hazards, and to annually report to the relevant authorities on the implementation of the planned measures.

The Danish Working Environment Act and other relevant regulations of Denmark require Holvrieka Danmark to establish a safe and healthy working environment for employees. Holvrieka Danmark is required to carry out a workplace risk assessment every three years. The workplace risk assessment will need to identify any problem of the working environment and stipulate a plan of action on how and when the problems should be solved.

Based on information available to the Directors, the Directors are of the view that as at the Latest Practicable Date, the Holvrieka Group had complied with all the relevant laws and regulations regarding occupational health and safety in all material respects and did not experience any significant industrial accident resulting in fatalities.

EMPLOYEES

The Target Group China

As at 31 March 2009, the Target Group China had 2,779 employees, whose deployment of functions are as follows:

Function	Number of employees	Percentage
Management	311	11.2%
Production	2,105	75.7%
Research and development	108	3.9%
Engineers	19	0.7%
Quality control	150	5.4%
Sales and marketing	42	1.5%
Administrative personnel	44	1.6%
Total:	2,779	100.0%

The Target Group China makes contributions to the various social insurance funds, including the pension fund, the unemployment insurance fund, the medical insurance fund, the work-related injury fund and the maternity insurance fund, as well as the housing fund for its employees, in accordance with the applicable laws and regulations. The Zhangjiagang Group has also taken out group annual fee insurance, high-value group accident insurance and additional medical insurance, as well as ordinary group accident and additional medical insurance, for its employees.

As at the Latest Practicable Date, based on information available to the Directors, the Directors are of the view that the Target Group China had not experienced any major labour dispute and had complied in all material respects with the applicable laws and regulations on labour and social welfare, and that there had not been any material breach of those laws and regulations during the Track Record Period.

The Holvrieka Group

As at 31 March 2009, the Holvrieka Group had approximately 338 employees, whose deployment of functions are as follows:

Function	Number of employees	Percentage
Production	212	62.7%
Logistic (including management and engineers)	75	22.2%
Warehousing	9	2.7%
Sales and marketing	16	4.7%
General and administrative	26	7.7%
Total:	338	100.0%

As at the Latest Practicable Date, based on information available to the Directors, the Directors are of the view that the Holvrieka Group had not experienced any major labour dispute and had complied in all material respects with the applicable employement laws and regulations on labour, and that there had not been any material breach of those laws and regulations during the Track Record Period.

LAND AND BUILDINGS

The Target Group China

Land

As at the Latest Practicable Date, the Target Group China owned four parcels of land with a total site area of approximately 735,256.5 sq.m., located in Nantong City and Zhangjiagang City in Jiangsu Province of China. The Target Group China has obtained all land use rights certificates in respect of the land on which its properties are constructed. These parcels of land are all used principally for the current operations of the Target Group China.

In respect of one parcel of land with a gross area of 70,776.95 sq.m. located in Nantong City, on 10 April 2003, Nantong CIMC entered into a supplemental agreement (the "**Supplemental Agreement**") with the Administrative Committee of Nantong Gangzha Economic Development Zone to acquire the land use right at a consideration of RMB5,700,000 (equivalent to approximately HK$6,518,010). This amount was paid on 25 December 2003. On 31 December 2003, Nantong CIMC entered into a grant of land use right contract (the "**Grant of Land Use Right Contract**") with the Nantong State Owned Land Resources Bureau for the same land at a consideration of RMB7,785,464.50 (equivalent to approximately HK$8,902,761). Nantong CIMC paid the deed tax based on this amount on the same day. It was the Company's understanding that the reason for entering into the Grant of Land Use Right Contract with the Nantong State Owned Land Resources Bureau was to provide a basis for the collection of the deed tax and the Nantong State Owned Land Resources Bureau never meant to collect the difference between the amounts paid under the Supplemental

Agreement and the amount payable under the Grant of Land Use Right Contract. The Nantong State Owned Land Resources Bureau subsequently issued a land use right certificate to Nantong CIMC on 15 January 2004 and has not requested for payment of the difference between the amount paid under the Supplemental Agreement and the amount payable under the Grant of Land Use Right Contract. However, there is a risk that the Nantong State Owned Land Resources Bureau may ask for payment of the difference between the two contracted amounts, impose a monetary penalty for late payment in the future or even revoke the land use right certificate.

Buildings

As at the Latest Practicable Date, the Target Group China owned buildings with a total gross floor area of approximately 177,272.3 sq.m., located in Nantong City and Zhangjiagang City in Jiangsu Province of China. These buildings and structures are mainly used as offices, production facilities, warehouses and ancillary facilities. The requisite building ownership certificates have been obtained in respect of the buildings and structures with a total gross floor area of approximately 166,615.5 sq.m. For the remaining buildings and structures with a total gross floor area of approximately 10,656.8 sq.m. (see Properties No. 2 and No.3 in the valuation report set out in Appendix VI), they were comprised of laboratory of approximately 714.8 sq.m. and production facilities of approximately 9,942 sq.m., which accounted for approximately 6.0% of the total gross floor area of the buildings and structures owned by the Target Group China as at the Latest Practicable Date. The Target Group China could not fulfill the relevant formalities required for the obtaining of the building ownership certificates, including obtaining the construction project planning permit and the construction project construction commencement permit at the time of their construction and as a result, no building ownership certificates have been obtained, and no commercial value has been assigned for the buildings. It should nonetheless be noted that the relevant land use right certificate has been obtained and only the building ownership certificates remain outstanding.

As at the Latest Practicable Date, certain Target Group China's buildings were built with a gross floor area in excess of 1,445.5 sq.m. as to those allowed under the relevant building ownership certificate, which is currently used as changing rooms for the staff.

The above-mentioned buildings and structures without building ownership certificates or built with a gross floor area in excess to those allowed under the relevant building ownership certificate are currently used as laboratory, production facilities and changing rooms by the Target Group China. As confirmed by the PRC legal advisers to the Company, the Target Group China is not in compliance with the PRC law by completing construction of these buildings and structures without first obtaining the relevant approvals for commencement of their construction or built with a gross floor area in excess to those allowed under the relevant building ownership certificate. Under the relevant PRC laws and regulations, in case of such non-compliance, the relevant PRC authorities may require the owners of the buildings and structures subject to such non-compliance to fulfil the relevant formalities required for obtaining the building ownership certificates, or order the suspension of construction of these buildings and structures if they are under construction, or order the destruction of these buildings and structures if they have been constructed. The relevant PRC authorities may also impose a fine on the owners of these buildings and structures according to the following: (1) if the buildings and structures have been constructed without first obtaining the construction project planning permit or built with a gross floor area in excess to those allowed under the relevant building ownership certificate, and their construction seriously affects the local urban planning, the relevant PRC authorities may impose a fine which equals to more than 3% and less than 15% of the contract prices for the construction of these buildings and structures; (2) if the buildings and structures have been constructed without first applying and registering for their construction and obtaining the construction project construction commencement permit, the relevant PRC authorities may impose a fine which is more than RMB5,000 and less than RMB50,000.

As at the Latest Practicable Date, the relevant PRC authorities had not ordered the relocation of the Target Group China to an alternative production site or ordered the destruction of the relevant buildings and structures, or imposed a fine on the Target Group China for the use of such buildings and structures or the failure to obtain the relevant construction permits. The Directors believe that in the unlikely event that the Target Group China is ordered to move out of its current site by relevant PRC authorities, the Target Group China will be able to find an alternative site as a substitute for the current site.

Based on information available to the Directors, the Directors believe that there is no risk of an order for relocation of the Target Group China's operations currently carried out in these buildings and structures to an alternative site, and there is minimal risk for the relevant PRC authorities to impose a fine on the Target Group China for its failure to obtain the construction project planning permit and the construction project construction commencement permit in respect of these buildings and structures prior to the commencement of their construction for the following reasons: (1) construction of the buildings and structures without building ownership certificates has been completed, and such construction is in compliance with the planning of the land on which such buildings and structures are erected. This distinguishes the Target Group China's non-compliance with PRC laws and regulations from other instances of non-compliance by other entities such as construction of buildings in breach of land planning regulations, where an order for relocation will more likely be made; and (2) the PRC legal advisers to the Company have also expressed their opinions that the possibility that the relevant PRC authorities will order the destruction of these buildings and structures and the relocation of the Target Group China's operations to an alternative site is remote, and there is minimal risk for the relevant PRC authorities to impose a fine on the Target Group China for its failure to obtain the relevant construction permits before the commencement of construction of these buildings and structures.

CIMC HK has executed a deed of indemnity, pursuant to which CIMC HK has undertaken that it will, in the event that the Restructured Group will suffer any damages and losses as a result of: (1) the absence of the building ownership certificates; (2) the difference between the amount paid under the Supplemental Agreement and the amount payable under the Grant of Land Use Right Contract; or (3) that buildings were built with a gross floor area in excess to those allowed under the relevant building ownership certificate, CIMC HK will indemnify and keep the Restructured Group indemnified of such damages and losses, including relocation cost and penalties, if any.

The Target Group China is in the process to complete the formalities required for obtaining the building ownership certificates for the buildings and structures of approximately 9,942 sq.m. which is used as production facilities. As confirmed by the PRC legal advisers to the Company, there is no material legal impediment in obtaining the building ownership certificates in respect of these buildings and structures by the Target Group China, and the Directors anticipate that under normal circumstances, the building ownership certificates will be obtained by the end of 2009.

As at the Latest Practicable Date, except for a lease over a parcel of land with a total site area of approximately 333.34 sq.m. located in Zhengjiagang City by the Target Group China used for car park lots, the Target Group China had not leased any land or buildings. The Target Group China had not experienced any dispute arising out of the land and buildings owned by the Target Group China.

The Holvrieka Group

Land

As at the Latest Practicable Date, the Holvrieka Group held three parcels of land on freehold tenure with a total site area of approximately 89,586 sq.m., located variously in Emmen and Sneek in the Netherlands, and Menen in Belgium. The Holvrieka Group also held a parcel of land on leasehold tenure with a total site area of approximately 31,065 sq.m. located in Randers in Denmark. The Holvrieka Group has obtained valid ownership interests in respect of the three parcels of lands. These parcels of land are all used principally for the current operations of the Holvrieka Group.

Buildings

As at the Latest Practicable Date, the Holvrieka Group owned 13 buildings or units, located variously with a total gross floor area of approximately 49,113 sq.m. in Emmen and Sneek in the Netherlands, Randers in Denmark, and Menen in Belgium. The Holvrieka Group has obtained valid ownership interests in respect of these buildings. These buildings and structures are used mainly as offices, production facilities and ancillary facilities.

As at the Latest Practicable Date, the Holvrieka Group had not leased any land or buildings. The Target Group had not experienced any dispute arising out of the land and buildings owned by the Holvrieka Group.

Property Valuation

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued the property interests of the Target Group as at 30 April 2009. The text of DTZ Debenham Tie Leung Limited's letter, the summary of valuation and the valuation certificates are set out in Appendix VI to this circular.

LEGAL MATTERS AND COMPLIANCE

As at the Latest Practicable Date, based on information available to the Directors, except as disclosed in the sub-section headed "Land and Buildings" in this section, the PRC legal advisers to the Company and the Directors are of the view that the Target Group China had been in compliance with the relevant laws and regulations in all material respects, including laws and regulations relating to environmental protection, safety, labour and social security, and have obtained all licences, approvals and permits from the relevant regulatory authorities for the Target Group China's business operations.

As at the Latest Practicable Date, based on information available to the Directors, the Directors are of the view that the Target Group Europe had been in compliance with the relevant laws and regulations in all material respects, including laws and regulations relating to environmental protection, safety, labour and social security, and have obtained all licences, approvals and permits from the relevant regulatory authorities for the Target Group Europe's business operations.

As at the Latest Practicable Date, except as disclosed in the sub-section headed "10. Litigation" in Appendix VIII to this circular, the Target Group was not involved in any litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Target Group.

OVERVIEW

As at the Latest Practicable Date, Charm Wise was beneficially interested in 41.55% of the issued share capital of the Company. Charm Wise is a direct wholly-owned subsidiary of CIMC HK, which, in turn, is a direct wholly-owned subsidiary of CIMC. Accordingly, CIMC is the controlling shareholder of the Company under the Listing Rules. Immediately following completion of the Proposed Transactions, CIMC will, through CIMC HK, Charm Wise and CIMC Vehicle, be beneficially interested in approximately 56.59% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming none of the New Convertible Preference Shares has been converted), and hence, will remain as the controlling shareholder of the Company under the Listing Rules.

CIMC is principally engaged in the manufacturing and sales of containers, road transportation vehicles, energy, chemical and liquid food equipment, as well as air and sea transportation equipment, of which its business (currently carried on through the Target Group) of the design, development, manufacturing and engineering of transportation, storage and processing equipment that is used in the energy, chemical and liquid food industries is in competition with the business of the Company. In the financial year ended 31 December 2008, the turnover of CIMC attributable to the Target Group accounted for approximately 7% of the total turnover of CIMC for the year based on the audited financial statements of CIMC for that year. Accordingly, the turnover of the Target Group is comparatively smaller in comparison with the turnover generated from the other businesses of CIMC. Following completion of the Proposed Transactions, the companies comprising the Target Group will become wholly-owned subsidiaries of the Company.

COMPETITION

CIMC's De Minimis Excluded Business

After completion of the Proposed Transactions, the following businesses, which may be competitive with or similar to the businesses to be conducted by the Restructured Group, will continue to be operated by CIMC (the "**De Minimis Excluded Business**"), subject to the limitations described below. Other than the companies carrying on the De Minimis Excluded Business and members of the Restructured Group, none of the companies currently controlled by CIMC will be engaged in (1) the design, manufacturing and sales of specialised gas equipment (including seamless pressure cylinders, CNG trailers, natural gas refuelling station systems, LNG storage tanks (with volume of less than 10,000 cb.m.), LNG trailers and natural gas compressors) and the provision of integrated business solutions, and (2) the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries, or any business which will or will likely compete with the businesses currently conducted by the Restructured Group.

CIMC's interest in 南通中集交通儲運裝備製造有限公司 (Nantong CIMC Transportation & Storage Equipment Co., Ltd.) ("Nantong Transport")

CIMC holds, and will, after completion of the Proposed Transactions, continue to hold, an 85% equity interest in Nantong Transport, a limited liability company established under the laws of the PRC. Nantong Transport is principally engaged in the manufacturing and sales of special vehicles. Nantong Transport was established on 20 March 2007. The turnover of Nantong Transport was nil and approximately RMB4.3 million (equivalent to approximately HK$4.9 million) for the years ended 31 December 2007 and 2008, respectively.

CIMC's interest in Nantong Transport will not be transferred to the Restructured Group as part of the Reorganisation primarily by reason that Nantong Transport is still at a start-up stage and it is uncertain whether its business will become profitable. Given the above and the Option Arrangement (as defined in the paragraph headed "Option Arrangement" in this sub-section), the Directors do not consider it in the best interests of the Restructured Group and the Shareholders taken as a whole to include any interest in Nantong Transport in the Restructured Group at this stage.

CIMC's interest in 南通中集大型儲罐有限公司 (Holvrieka (China) Co., Ltd.) ("NCLS")

CIMC holds, and will, after completion of the Proposed Transactions, continue to indirectly hold, a 100% equity interest in NCLS, a limited liability company to be established under the laws of the PRC. NCLS will, be principally engaged in the design, manufacturing and sales of tanks and related parts, and the provision of integrated project engineering services, and repair and maintenance services. NCLS is still at its initial set-up stage and had not commenced business as at the Latest Practicable Date.

NCLS will not be transferred to the Restructured Group as part of the Reorganisation primarily by reason that NCLS has not commenced business and it is uncertain whether its business will become profitable. Given the above and the Option Arrangement, the Directors do not consider it in the best interests of the Restructured Group and the Shareholders taken as a whole to include any interest in NCLS in the Restructured Group at this stage.

TGE Gas Engineering GmbH, Bonn *("TGE")*

On 19 September 2008, CIMC acquired a 60% equity interest in TGE Gasinvestment S.A., a company *(Société Anonyme)* established under the laws of Luxembourg, which in turn is the 100% holding company of TGE. TGE is a company *(Gesellschaft mit beschränkter Haftung)* established under the laws of Germany. CIMC's acquisition of the equity interest in TGE Gasinvestment S.A. does not relate to the acquisition of the Target Group Europe.

CIMC henceforth holds, and will after completion of the Proposed Transactions, continue to hold a 60% indirect equity interest in TGE. As at the Latest Practicable Date, GASFIN Investment S.A., a company *(Société Anonyme)* established under the laws of Luxembourg and an Independent Third Party from which CIMC acquired the 60% equity interest in TGE Gasinvestment S.A., continued to hold the remaining 40% equity interest in TGE Gasinvestment S.A. TGE is principally engaged in EPC or EP and CS (engineering, procurement and construction supervision) or project engineering contracts (including the projects of LNG storage tanks with volume of over 10,000 cb.m.). Its major customers are in Europe and Asia. There is no duplication between the customers and suppliers in respect of the business of LNG storage tanks of TGE and those of the Group, the Target Group China and the Holvrieka Group. The turnover of TGE was approximately EURO 3.7 million (equivalent to approximately HK$37.5 million) and EURO 11.0 million (equivalent to approximately HK$111.6 million) for the period from 15 June 2007 to 31 December 2007 and the year ended 31 December 2008, respectively. TGE had a net loss of approximately EURO 2.9 million (equivalent to approximately HK$29.4 million) and EURO 3.5 million (equivalent to approximately HK$35.5 million) for the period from 15 June 2007 to 31 December 2007 and the year ended 31 December 2008, respectively. TGE underwent a material restructuring involving the spin-off of the off-shore business of TGE in June 2007. The remaining business of TGE consists of its on-shore LNG business. As a result, the financial information of TGE for the year ended 31 December 2006 and the period from 1 January 2007 to 14 June 2007 is not comparable to that for the period from 15 June 2007 to 31 December 2007 and the year ended 31 December 2008.

CIMC's interest in TGE will not be transferred to the Restructured Group as part of the Reorganisation primarily by reason that TGE focuses on project engineering involving LNG storage tanks with volume of over 10,000 cb.m. to owners of large LNG terminals (excluding production, which will be sub-contracted to third parties), whereas the Group and the Target Group have never been involved in the business of project engineering of LNG storage tanks with volume of over 10,000 cb.m. The business of the Group and the Target Group includes production and sales of LNG storage tanks but only with volume of less than 10,000 cb.m., and their target customers are owners of small LNG storage tanks. The design, material and construction of LNG storage tanks with volume of less than 10,000 cb.m. in project engineering projects and those of LNG storage tanks with volume of more than 10,000 cb.m. require totally different technical and knowledge base. In addition, TGE had a net loss for the period from 15 June 2007 to 31 December 2007 and for the year ended 31 December 2008, and it is uncertain whether its business will become profitable in the near future. The project engineering services undertaken by Zhangjiagang CIMC focus on LNG storage tanks for downstream LNG applications such as LNG vaporisation stations, LNG cylinder stations and LNG vehicle refueling stations, whereas the project engineering services undertaken by TGE focus on LNG storage systems for large-scale upstream LNG projects (i.e. LNG receiving terminals such as LNG storage depots).

Given the above and the Option Arrangement, the Directors do not consider it in the best interests of the Restructured Group and the Shareholders taken as a whole to include any interest in TGE in the Restructured Group at this stage.

CIMC's interest in Hobur Twente B.V. ("Hobur Twente")

CIMC Burg is an indirect non wholly-owned subsidiary of CIMC. It is beneficially owned as to 80% by CIMC Europe B.V.B.A. (an indirect wholly-owned subsidiary of CIMC) and as to 20% by PGM. It indirectly holds, and will, after completion of the Proposed Transactions, continue to hold, a 100% equity interest in Hobur Twente. Hobur Twente is a company *(Besloten Vennootschap)* established under the laws of the Netherlands. It is principally engaged in the design, manufacturing and sales of LPG vehicles. The Target Group China does not need any patented technology to manufacture LPG vehicles. Neither did the Target Group China share any of the designs or technical know-how in relation to the manufacturing of LPG vehicles with Hobur Twente in the past, nor does it intend to share or work in alliance with Hobur Twente in the future.

Hobur Twente will not be transferred to the Restructured Group as part of the Reorganisation primarily by reason that it focuses on the sales of LPG vehicles in European countries including the Netherlands, Germany and Poland. The LPG vehicles produced by Hobur Twente has never been and will not be exported to the China market. The Holvrieka Group is not engaged in the business of sales of LPG vehicle. Although the business of the Target Group China includes the production and sales of LPG vehicles, this segment of business is focused on the China market. As these products are bulky in nature, the LPG vehicles produced by the Target Group China have never been and will not be exported to Europe. The turnover of Hobur Twente from the sales of LPG vehicles amounted to approximately EURO 1.8 million (equivalent to approximately HK$18.3 million) and EURO 3.4 million (equivalent to approximately HK$34.5 million) for the years ended 31 December 2007 and 2008 respectively, and the turnover of the Target Group China from the sales of LPG vehicles amounted to RMB19.3 million (equivalent to approximately HK$22.1 million) and RMB$27.2 million (equivalent to approximately HK$31.1 million) for the years ended 31 December 2007 and 2008 respectively. Given the above and the Option Arrangement, the Directors do not consider it in the best interests of the Restructured Group and the Shareholders taken as a whole to include any interest in Hobur Twente in the Restructured Group at this stage.

Option Arrangement

Pursuant to the Deed of Non-compete Undertakings, the Company has been granted the Purchase Option (as defined in the paragraph headed "Deed of Non-compete Undertakings" in this sub-section) and the Pre-emptive Right (as defined in the paragraph headed "Deed of Non-compete Undertakings" in this sub-section) (the Purchase Option and the Pre-emptive Right together the "**Option Arrangement**") to acquire the Permitted Business (as defined in the paragraph headed "Deed of Non-compete Undertakings" in this sub-section) from CIMC. Please refer to the paragraph headed "Deed of Non-compete Undertakings" in this sub-section for details of the terms of the option and pre-emptive right.

Directors' Competing Interests

Please refer to the paragraph headed "Competing interests" in the sub-section headed "Disclosure of Interests" in the section headed "Statutory and General Information" in Appendix VIII to this circular for details of the competing interests of the Directors.

Deed of Non-compete Undertakings

The Company entered into the Deed of Non-compete Undertakings with CIMC on 1 June 2009, pursuant to which CIMC has:

(1) confirmed that neither it nor any of its subsidiaries currently, directly or indirectly, owns, operates, participates, invests in or carries on any businesses which is in connection with the Relevant Business; and

(2) undertaken that it will not directly or indirectly, alone or with others, in any form, engage in, assist or support a third party in the operation of, or participate or have any interest in, the Relevant Business.

However, the foregoing restrictions do not apply in the following circumstances:

(1) the De Minimis Excluded Business and any other Relevant Business carried on by CIMC or any of its subsidiaries which the Company does not opt to acquire under the pre-emptive right, provided that the total turnover of those businesses in each financial year accounts for not more than 5% of the total turnover of the Restructured Group as shown in the audited consolidated accounts of the Company for that financial year (collectively the "**Permitted Business**"); or

(2) the holding of securities in any company the shares of which are listed on the Stock Exchange or on any other stock exchange and which competes with the Restructured Group, provided that such shares do not exceed 5% of the issued share capital of such listed company and provided further that at no time will CIMC or any of its associates participate in the management of such listed company.

The Directors consider the carve out of 5% of the total turnover of the Restructured Group as the threshold for the Permitted Business to be reasonable for the following reasons: (1) it would facilitate the transition by CIMC (a large scale PRC conglomerate) following the Proposed Transactions into a new corporate and management structure; (2) the 5% is relatively low as a percentage of the total turnover of the Restructured Group and would not have any material adverse impact to the financial condition of the Restructured Group, and (3) the Company has been granted the Purchase Option (as defined below) and the Pre-emptive Right (as defined below) over the Permitted Business.

CIMC has also undertaken in the Deed of Non-compete Undertakings that if CIMC or any of its subsidiaries becomes aware of a business opportunity which directly or indirectly competes, or may lead to competition, with the Relevant Business, CIMC will notify the Company in writing of such business opportunity immediately upon becoming aware of it and use its best efforts to procure that such opportunity is first offered to the Company upon terms that are fair and reasonable. Such opportunity will be reviewed by any one of the executive Directors who does not hold directorship or senior management position in the CIMC Group, and such executive Director will make his recommendation to the independent non-executive Directors on whether or not to take up such business opportunity, within seven days after CIMC notifies the Company of such business opportunity in writing. The seven-day notification period to the independent non-executive Directors is not extendable.

The independent non-executive Directors will be responsible for making the final decision on whether or not to take up such business opportunity under the terms of the Deed of Non-compete Undertakings, within seven days after they have received the recommendation from the relevant executive Director. The seven-day decision period can be extended to a date mutually agreed between the Company and CIMC if the independent non-executive Directors require further information in order to make an informed decision. CIMC and its subsidiaries will only take up such business opportunity unless and until the independent non-executive Directors have resolved that the Company will not take up such opportunity. In considering whether the Company will exercise the right of first refusal, the independent non-executive Directors will take into account the written proposal prepared by the management of the Company regarding such business opportunity, the business strategy and financial condition of the Group, the potential of such business opportunity and whether the terms of taking up such business opportunity are fair and reasonable and on normal commercial terms, with reference to the then prevailing market prices. The independent non-executive Directors may, at the cost of the Company, appoint an independent financial adviser as they consider necessary to advise them on the terms of any such business opportunity.

Under the Deed of Non-compete Undertakings, the Company has also been granted by CIMC:

(1) the option to purchase (the "**Purchase Option**") the following interests on the basis of valuation conducted by an independent valuer jointly appointed by CIMC and the Company, subject to any relevant laws and applicable listing rules and existing third party pre-emptive rights:

    (i) any interest in the Permitted Business; and

    (ii) any interest in any business of CIMC resulting from the business opportunity referred to in the paragraph above which has been offered to, but has not been purchased or taken up by the Company, and has been retained by CIMC or any of its subsidiaries or associates;

(2) the pre-emptive right to purchase (the "**Pre-emptive Right**") the following interests on terms no less favourable than those offered by third parties, if CIMC or any of its subsidiaries intends to transfer, sell, lease or licence the relevant interests to any third party:

    (i) any interest in the Permitted Businesses; and

    (ii) any interest in any business of CIMC resulting from the business opportunity referred to in the paragraph above, which has been offered to, but has not been purchased or taken up by the Company, and has been retained by CIMC or any of its subsidiaries or associates; and

(3) on the exercise of the Purchase Option or the Pre-emptive Right, CIMC will transfer the relevant interest to the Company.

In the event that CIMC's interest in the Permitted Business, initially permitted under the Permitted Business exception, subsequently exceeds 5% of the total turnover of the Restructured Group, CIMC is required to give the Restructured Group notice in writing immediately upon becoming aware that the 5% threshold has been exceeded. Upon receipt of the notice, any one of the executive Directors who does not hold directorship or senior management position in the CIMC Group will review the Purchase Option and make his recommendation to the independent non-executive Directors within seven days after receipt of such notice. The seven-day notification period to the independent non-executive Directors are not extendable.

The independent non-executive Directors will be responsible for deciding as to whether it is in the interests of the Company to exercise the Purchase Option, within seven days after they receive the recommendation from the relevant executive Director. The seven-day decision period can be extended to a date mutually agreed between the Company and CIMC if the independent non-executive Directors require further information in order to make an informed decision. CIMC and its subsidiaries will be entitled to continue with these businesses only if and when the independent non-executive Directors have resolved that the Company will not exercise the Purchase Option, in which case CIMC will not be regarded as having committed a breach of the Deed of Non-compete Undertakings. Nevertheless, it is the intention of CIMC that the total turnover of these businesses will be kept under the 5% threshold so that they will remain as Permitted Business.

The Deed of Non-compete Undertakings will remain valid until such time (1) as CIMC directly or indirectly owns less than 30% of the issued share capital of the Company or (2) as the Shares are no longer listed on the Stock Exchange or any other internationally recognised stock exchange.

For good corporate governance practices, in relation to compliance with the terms of the Deed of Non-compete Undertakings, the Company has adopted the following measures:

- the controlling shareholder of the Company will make an annual declaration on compliance with the Deed of Non-compete Undertakings in the annual report of the Company in accordance with the principle of voluntary disclosure in the corporate governance report;

- the independent non-executive Directors will review, at least on an annual basis, the information provided by the controlling shareholder of the Company in respect of the compliance and enforcement of the Deed of Non-compete Undertakings and whether to exercise the Option Arrangement;

- subject to any confidentiality requirements as may be applicable, the controlling shareholder of the Company undertakes to provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-compete Undertakings; and

- the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-compete Undertakings, either through the annual report or by way of announcements to the public.

INDEPENDENCE FROM CONTROLLING SHAREHOLDER

Having considered the following factors, the Directors are of the view that the Restructured Group will be able to conduct its businesses independently of CIMC upon completion of the Proposed Transactions.

Independence of Board and Management

The Board will remain consisting of ten Directors immediately after completion of the Proposed Transactions. Set out below is a table summarising the positions held by the Directors at the Company and at the CIMC Group as at the Latest Practicable Date:

Name of Directors	Position with the Company	Position with the CIMC Group	Duties and responsibilities in the CIMC Group
Zhao Qingsheng	Chairman of the Board and executive Director	directors of 37 subsidiaries of CIMC and a vice-president of CIMC	manage the strategic research and the legal departments of CIMC and the tank equipment working group of CIMC
Jin Yongsheng	Executive Director	none	N/A
Wu Fapei	Executive Director	directors of 32 subsidiaries of CIMC and a vice-president of CIMC	manage the human resources, corporate governance and information departments of CIMC
Jin Jianlong	Executive Director	directors of 48 subsidiaries of CIMC and the general manager of the finance department of CIMC	manage the finance and management department of CIMC
Yu Yuqun	Executive Director	director of a subsidiary of CIMC and the secretary to the board of directors of CIMC	manage the office of secretary to the board of directors, the investment and finance department and the investor relations departments of CIMC
Shi Caixing	Executive Director	none	N/A

Name of Directors	Position with the Company	Position with the CIMC Group	Duties and responsibilities in the CIMC Group
Qin Gang	Executive Director	directors of 32 subsidiaries of CIMC	strategic planning for various subsidiaries of CIMC
Wong Chun Ho	Independent non-executive Director	none	N/A
Gao Zhengping	Independent non-executive Director	none	N/A
Shou Binan	Independent non-executive Director	none	N/A

There are no overlapping directorships between the Company and CIMC. The existing directors of CIMC are Mr. Fu Yuning (chairman), Mr. Li Jianhong (vice president), Mr. Mai Boliang (president), Mr. Wang Hong, Mr. Xu Minjie, Mr. Qin Rongsheng, Mr. Jin Qingjun and Mr. Xu Jingan. None of them is a Director or is involved in the management of the Company.

Except that Mr. Yang Yu has resigned as a non-executive Director with effect from 11 May 2009 for health reasons, in respect of which the Executive has granted the consent under Rule 7 of the Takeovers Code, no changes to the composition of the Board will be proposed prior to completion of the Proposed Transactions for the following reasons:

(1) It is a requirement under Rule 7 of the Takeovers Code that except with the consent of the Executive, none of the Directors may resign until the Independent Shareholders have voted on the Whitewash Waiver. Even after the Independent Shareholders have approved the Whitewash Waiver, there remain other conditions precedent to fulfil. The Proposed Transactions may or may not proceed to completion, but the normal business operation of the Company will go on as usual regardless of such completion. As at the Latest Practicable Date, none of the Directors had any intention to resign after completion of the Proposed Transactions.

(2) As the Proposed Transactions may or may not proceed to completion, it may not be in the interests of the Company to consider the appointment of any additional Director prior to completion of the Proposed Transactions. The abilities, skills and knowledge required of any additional Director may vary significantly, depending on whether the Proposed Transactions will proceed to completion. Accordingly, the Company will only consider whether to appoint any additional Director after completion of the Proposed Transactions.

Certain Directors hold concurrent directorships and senior management positions in the CIMC Group. All these Directors were appointed to the Board on 21 September 2007 as representatives of CIMC following its acquisition of a controlling interest of 42.18% of the then issued share capital of the Company in August 2007. It was believed that the Group would benefit significantly from their experience and expertise in the industry, in particular in formulating strategic development and planning for the ongoing business development of the Company. Notwithstanding the concurrent positions, the Directors believe that they are able to perform their roles in the Company independently and the Restructured Group will be capable of managing its business independently of CIMC after completion of the Proposed Transactions for the following reasons:

(1) The independence of the Directors who also serve in the CIMC Group will not be affected by their concurrent positions since, after completion of the Proposed Transactions, the business of the Company will be managed by the Board as a whole, including the independent non-executive Directors, and not by the CIMC Group. Of the seven executive Directors, four hold concurrent directorships in the subsidiaries of CIMC (but not as a CIMC director) and hold senior management positions in the subsidiaries of CIMC, and one holds concurrent directorships in the subsidiaries of CIMC (but not as a CIMC director). Mr. Zhao Qingsheng and Mr. Yu Yuqun currently each allocate 60% of their working time to manage the business of the Group and will, following completion of the Proposed Transactions, continue to allocate a similar amount of time to the business of the Restructured Group, whereas Mr. Wu Fapei, Mr. Jin Jianlong and Mr. Qin Gang devote a majority of their working time in managing the business of the CIMC Group. The Directors are of the view that as the Company is managed by the Board as a whole, the fact that these five Directors allocate resources between their directorships and their concurrent directorships and senior management positions in the CIMC Group would not affect the discharge of their legal duties as Directors. Following completion of the Proposed Transactions, the Company will consider options to enhance corporate governance standards, including appointment of additional Directors and redesignation of certain executive Directors to non-executive Directors. The remaining two executive Directors, namely, Mr. Jin Yongsheng and Mr. Shi Caixing, are independent of the CIMC Group. These two executive Directors will devote their full time and attention to the affairs of the Restructured Group. In addition, among the independent non-executive Directors, Mr. Shou Binan possesses in-depth knowledge as well as managerial and operational experiences in the energy equipment industry.

(2) The executive Directors are not involved in the day-to-day business operations, but instead are primarily responsible for the formulation of development strategies, overall project and investment plans, financial budgeting, and decision-making on mergers and acquisitions of the Company. The day-to-day business operations of the Restructured Group will continue to be managed by the senior management of the Company, namely, Mr. Ren Yingjian (the general manager of Enric Gas Equipment), Mr. Liu Wenxiang (the general manager of Enric Integration) and Mr. Wang Fenglin (the general manager of Enric Compressor), who are all independent of the CIMC Group and are full time employees of the Group.

(3) The independent non-executive Directors will be responsible for deciding whether or not to take up a business opportunity referred to the Company under the Deed of Non-compete Undertakings, and the independent non-executive Directors may, at the cost of the Company, appoint an independent financial adviser as they consider necessary to advise them on the terms of taking up any such business opportunity.

(4) The decision-making mechanism of the Board set out in the Articles also includes provisions to avoid conflicts of interest by providing, among other things, that (i) each Director is entitled to one vote at Board meetings and decisions of the Board are passed by a majority of votes; and (ii) in the event of any conflict of interests, such as where it involves the passing of resolutions in relation to transactions where any Director is materially interested, the relevant Director will abstain from voting and will not be counted in the quorum. It is also proposed to amend the Articles to include provisions so that where it involves the passing of resolutions in relation to transactions with its controlling shareholder or its associates, the Director who holds directorship or senior management position in such controlling shareholder or its associates will be excused from the meeting for such matter, will abstain from voting and will not be counted in the quorum, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by the remaining Directors.

(5) Other than the interests of Mr. Zhao Qingsheng and Mr. Wu Fapei under the stock credit plan adopted by CIMC Vehicle Group (further details of which are set out in the paragraph headed "Competing interests" in the sub-section headed "Disclosure of Interests" in the section headed "Statutory and General Information" in Appendix VIII to this circular), none of the Directors has any interest in the members of the CIMC Group which they concurrently serve.

(6) Except as disclosed in the paragraph headed "CIMC's De Minimis Excluded Business" in the sub-section headed "Competition" of this section and in the paragraph headed "Competing interests" in the sub-section headed "Disclosure of Interests" in the section headed "Statutory and General Information" in Appendix VIII to this circular, neither CIMC nor any of the Directors has any interest in any business, apart from the businesses of the Restructured Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Restructured Group.

On the basis of the foregoing, the Directors believe that the Board as a whole, together with the senior management of the Restructured Group, are able to manage the Restructured Group independently.

During the three years ended 31 December 2006, 2007 and 2008, none of the five executive Directors who held concurrent directorships and senior management positions in the CIMC Group received any emolument from the Group.

During the three years ended 31 December 2006, 2007 and 2008, the aggregate amounts of emoluments paid to the five executive Directors who held concurrent directorships and senior management positions in the CIMC Group, in respect of their respective positions in the CIMC Group, are approximately RMB5.04 million (equivalent to approximately HK$5.8 million), RMB5.79 million (equivalent to approximately HK$6.6 million) and RMB6.0 million (equivalent to approximately HK$6.9 million), respectively.

After completion of the Proposed Transactions, the five executive Directors who held concurrent directorships and senior management positions in the CIMC Group will continue to receive emoluments from the CIMC Group for their positions held in the CIMC Group.

After completion of the Proposed Transactions, the remuneration committee of the Board will determine the emoluments, allowances and directors' fees to be paid by the Company to the executive Directors, the non-executive Directors and the independent non-executive Directors, details of which will be disclosed in accordance with all applicable requirements under the Listing Rules.

Independence of Business Operations

The Restructured Group will hold all the relevant licences that are material to its business operations and will have sufficient operation capacity in terms of capital, equipment and employees to operate its businesses independently. Nantong CIMC has its own production, quality control and technology departments, but during the Track Record Period, the other departments and administrative units including the departments of accounting, corporate management, human resources, procurement, corporate development and materials storage unit were co-managed with CIMC. The cost of the above co-managed departments and units was allocated between Nantong CIMC and CIMC according to the proportion of their respective revenues. Upon completion of the Proposed Transactions, the Restructured Group will have its own organisational structure comprised of independent departments as well as business and administrative units, each with specific areas of responsibility.

Sales

During the Track Record Period, the Nantong Group engaged CIMC as its sales agent for the sale of all of its products. Under such agency arrangement, CIMC was responsible for liaising with the potential customers in relation to the sales of products of the Nantong Group and negotiating the terms of sales contracts with potential customers. The Nantong Group was responsible for developing and supplying products according to customers' specifications. Such an arrangement enabled the Nantong Group to make use of the established customer network of CIMC. It also facilitated the expansion of sales of products of the Nantong Group. In certain circumstances, certain key customers of CIMC required CIMC to provide centralised supply of a large variety of products, including the products manufactured by the Nantong Group, to them and in order to maintain good business relationships with these customers, despite CIMC's role as a sales agent, the contracts for the sale of products of the Nantong Group were entered into between CIMC and the customers. CIMC received commission for acting as such sales agent which was determined based on the units of products sold. For the three years ended 31 December 2006, 2007 and 2008, such commission paid by the Nantong Group to CIMC was approximately US$1.3 million (equivalent to approximately HK$10.2 million), US$1.6 million (equivalent to approximately HK$12.5 million) and US$2.1 million (equivalent to approximately HK$16.4 million), respectively.

Upon completion of the Proposed Transactions, the agency arrangement between the Nantong Group and CIMC will be terminated. Following completion of the Proposed Transactions, the sales team of CIMC that was responsible for the sales of the products of the Nantong Group will be transferred to the Company together with the customer lists and will continue to be responsible for the sales of the products of the Nantong Group. The Restructured Group will conduct centralised sales of products of the Nantong Group from the group level. The contracts for the sale of products of the Nantong Group will be entered into between the Company and the customers.

During the Track Record Period, the Zhangjiagang Group sold its products through its own sales channels and did not engage any agent for the sales of its products, and such sales mode will remain unchanged upon completion of the Proposed Transactions.

The Directors are satisfied that the Target Group China will have independent access to customers upon completion of the Proposed Transactions, and will be able to conduct sales under its own sales team retained by the Zhangjiagang Group and the sales team transferred from CIMC to the Company. The Target Group China will also engage its own domestic and overseas agents for the sale of its products when it deems necessary and appropriate. As the entire sales team of CIMC that was responsible for the sale of the Nantong Group will be transferred to the Company together with the relevant customer lists, customers who dealt with such sales team will continue to deal with it following completion of the Proposed Transactions. CIMC will also inform such customers of the acquisition of the Nantong Group by the Company upon completion of the Proposed Transactions. These measures, coupled with the fact that CIMC will not engage in the manufacturing of the products manufactured by the Nantong Group, will ensure that the existing customers of CIMC who purchased the Nantong Group's products will place orders with the Company for products of the Nantong Group, and will ensure the smooth transfer of the relevant customer base of CIMC for products of the Nantong Group to the Restructured Group.

Upon completion of the Proposed Transactions, CIMC may enter into transactions with the customers which purchased products of the Nantong Group during the Track Record Period. However, any such transaction will be for products that are different from those manufactured by the Restructured Group.

The Target Group Europe has its own sales and marketing team, which is independent of CIMC.

Based on the foregoing, the Directors are satisfied that there will be no reliance on CIMC in terms of sales upon completion of the Proposed Transactions.

Procurement

During the Track Record Period, the Target Group China sourced substantially all of its raw materials independently. It also sourced a quantity of raw materials from a number of major suppliers introduced by CIMC. For the three years ended 31 December 2006, 2007 and 2008, the purchase of raw materials from major suppliers introduced by CIMC amounted to approximately RMB16.7 million, RMB21.9 million and RMB25.2 million, respectively (equivalent to approximately HK$19.1 million, HK$25.0 million and HK$28.8 million, respectively), representing approximately 1.3%, 1.0% and 1.0%, respectively, of the total purchase of raw materials of the Target Group China. Under the framework raw material supply agreements entered into between CIMC and such suppliers, CIMC and its subsidiaries, including Nantong CIMC and Zhangjiagang CIMC (both of which remain subsidiaries of CIMC until completion of the Proposed Transactions), could purchase raw materials from those suppliers according to their own needs, by entering into individually negotiated and executed purchase agreements directly with the relevant suppliers. Each of those purchase agreements would specify the individually negotiated quantity and purchase price of the relevant raw materials. Nantong CIMC and Zhangjiagang CIMC may purchase raw materials from other suppliers if the terms so offered are more favourable than those offered by the suppliers introduced by CIMC.

Following completion of the Proposed Transactions, the Target Group China will source its raw materials independently and will continue to have access to the raw materials provided by the major suppliers of CIMC.

The Target Group Europe sources raw materials from leading European stainless steel mills, which are all Independent Third Parties.

Based on the foregoing, the Directors are satisfied that there will be no reliance on CIMC in terms of raw materials procurement upon completion of the Proposed Transactions.

Trademarks, know-how and patents

(1) CIMC trademarks

The Restructured Group will secure the long-term use of the CIMC trademarks by proposing to enter into a long-term trademark licence agreement with CIMC. Pursuant to the agreement, CIMC will grant to the Restructured Group a non-exclusive licence to use certain trademarks including, among others, "CIMC中集" and "CIMC" in the Relevant Business. CIMC will also agree not to use the trademarks on any product or service of any business which competes or may compete with the Relevant Business, without the prior written consent of the Company. The Restructured Group will be allowed to use the trademarks at nil consideration for a term until the expiration of the registration (or extended registration, where appropriate) of the trademarks or the termination by mutual agreement between the parties, or when CIMC ceases to be a controlling shareholder of the Company under the Listing Rules.

All of the products of the Target Group China bear the trademarks licensed by CIMC under the long-term trademark licence agreement. Over the years, however, the Target Group China has built up a reputation in the market for its quality products. The Directors believe that (i) customers opt for the products and services of the Target Group China, as opposed to the trademarks; (ii) the Target Group China does not place undue reliance on the trademarks in conducting its business; and (iii) the use of the trademarks does not affect its independence from CIMC.

(2) UBHI know-how

Pursuant to the Universal Collar Tank Technology Transfer Agreement, UBHI has granted CIMC BVI an exclusive, non-transferable licence to use its advanced proprietary technologies in the PRC to manufacture collar tank containers during the term of such agreement (i.e. 10 years from 29 July 2002) and a non-transferable licence to use the name or mark "Universal Collar Tank" on its products. Pursuant to the Universal Collar Tank Technology Transfer Sub-licence Agreement, CIMC BVI, as permitted under the Universal Collar Tank Technology Transfer Agreement, has granted Nantong CIMC a sub-licence to use such advanced property technologies in the PRC to manufacture tank containers and the right to use the name or mark "Universal Collar Tank" on its products on terms of the Universal Collar Tank Technology Transfer Sub-licence Agreement at nil consideration during the remainder of the term of the Universal Collar Tank Technology Transfer Agreement.

Pursuant to the Low Height Frame Tank Container Technology Transfer Agreement, UBHI has granted CIMC BVI an exclusive, non-transferable licence to use advanced proprietary technologies in the PRC to manufacture 11,000 litre and 14,000 litre low height frame tank containers during the term of the Low Height Frame Tank Container Technology Transfer Agreement (i.e. 10 years from 28 September 2006). Pursuant to the same agreement, CIMC BVI has granted Nantong CIMC a sub-licence to use such advanced property technologies in the PRC to manufacture 11,000 litre and 14,000 litre low height frame tank containers on terms of the Low Height Frame Tank Container Technology Transfer Agreement at nil consideration during the term of such agreement.

Pursuant to the Deed of Non-compete Undertakings, CIMC has undertaken to the Company that, with effect from the date of completion of the Proposed Transactions, it will procure that CIMC BVI will:

(i) use all commercially reasonable efforts to ensure that during the remainder of the term of the Universal Collar Tank Technology Transfer Agreement and the Low Height Frame Tank Container Technology Transfer Agreement, such two agreements will at all times remain vaild and in full force and effect; and

(ii) not exercise the options to purchase the licence rights to the know-how or right to extend the licence under the Universal Collar Tank Technology Transfer Agreement and the Low Height Frame Tank Container Technology Transfer Agreement without the prior written consent of Nantong CIMC, and will ensure that Nantong CIMC will be the licensee of the know-how if CIMC BVI exercises the options.

The turnover of products manufactured by the Nantong Group which require application of the advanced technologies licensed by UBHI amounted to approximately RMB1,362.6 million (equivalent to approximately HK$1,558.1 million), RMB2,143.8 million (equivalent to approximately HK$2,451.5 million) and RMB2,405.7 million (equivalent to approximately HK$2,750.9 million) for the three years ended 31 December 2006, 2007 and 2008, respectively.

(3) WEW know-how and patents

Pursuant to the Patent and Know-how Licence Agreement, WEW has granted CIMC an exclusive, non-transferable licence to use its know-how and patents to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market during the term of the Patent and Know-how Licence Agreement (i.e. 10 years from 24 December 2006). Under the Patent and Know-how Licence Agreement, CIMC is permitted to assign all of its rights and obligations under such agreement to one or more of its affiliates, including Nantong CIMC. CIMC has granted a sub-licence to Nantong CIMC to use those know-how and patents under the Patent and Know-how Sub-licence Agreement to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market, at nil consideration during the remainder of the term of the Patent and Know-how Licence Agreement.

Pursuant to the Deed of Non-Compete Undertakings, CIMC has further undertaken to the Company that, with effect from the date of completion of the Proposed Transactions, it will:

(i) use all commercially reasonable efforts to ensure that during the remainder of the term of the Patent and Know-how Licence Agreement, such agreement will at all times remain valid and in full force and effect; and

(ii) not exercise its first priority right and option to purchase the licenced rights to the know-how or extend the licence without the prior written consent of Nantong CIMC, and will ensure that Nantong CIMC will be the licensee of the patents and know-how if CIMC exercises the first priority right and option.

The turnover of products manufactured by the Nantong Group which require application of the advanced technologies licensed by WEW amounted to nil, nil and approximately RMB8.4 million (equivalent to approximately HK$9.6 million) for the three years ended 31 December 2006, 2007 and 2008, respectively.

(4) Columbiana patents

Pursuant to the Columbiana Purchase Agreement, CIMC has purchased from Columbiana Boiler Company, LLC, a company established under the laws of the State of Ohio, the US, which engages in the manufacturing and sales of pressurised vessels, an Independent Third Party, certain patent rights for CIMC and its affiliates (including Nantong CIMC) to use the patent rights for manufacturing carbon steel gas tank containers.

Pursuant to the Deed of Non-Compete Undertakings, CIMC has further undertaken to the Company that, with effect from the date of completion of the Proposed Transactions, it will not assign or sub-licence any of the patents to any person other than the Company or other members of the Restructured Group.

The turnover of products manufactured by the Nantong Group which require application of the patents right under the Columbiana Purchase Agreement amounted to nil, nil and approximately US$2.6 million (equivalent to approximately HK$20.3 million) for the three years ended 31 December 2006, 2007 and 2008, respectively.

(5) Others

The Target Group China has registered and applied for registration certain patents jointly with the CIMC Group. It was the policy of CIMC that the registration of patents should be made jointly. Nevertheless, the Target Group China has its own in-house research and development team which engages in ongoing research and development activities to meet sophisticated customer requirements.

On the basis of the foregoing and the arrangements under the Deed of Non-compete Undertakings, the Directors are satisfied that there will be no reliance on CIMC in terms of the use of trademarks, know-how and patents upon completion of the Proposed Transactions.

Continuing connected transactions

Members of the Restructured Group will enter into various types of continuing connected transactions with the CIMC Group or the Burg Industries Group after completion of the Proposed Transactions. The terms and conditions of those transactions will be on normal commercial terms which the Directors believe to be fair and reasonable and in the interests of the Shareholders taken as a whole. Further details of those continuing connected transactions are set out in the section headed "Connected Transactions" of this circular.

On the basis of the foregoing, the Directors are of the view that the Restructured Group will be able to operate independently from CIMC upon completion of the Proposed Transactions.

Financial Independence

The Target Group has historically had, and the Restructured Group will following completion of the Proposed Transactions continue to have, its own internal control and accounting systems, its own finance department responsible for discharging the treasury function for cash and receipts and payments, accounting, reporting and internal control functions independent from CIMC.

As at 31 December 2008, the Target Group China had an aggregate of RMB19.1 million (equivalent to approximately HK$21.8 million) non-trade receivables from and approximately RMB388.4 million (equivalent to approximately HK$444.1 milion) non-trade payables to the CIMC Group. Pursuant to the China Acquisition Agreement (as amended) and the European Acquisition Agreement (as amended), RMB130,000,000 (equivalent to approximately HK$148,656,375) out of the aggregate amount of approximately RMB150,235,652 (equivalent to approximately HK$171,796,057) due from the Target Group China to CIMC Vehicle Group as at 31 December 2008 will be waived in full by CIMC Vehicle Group or its assigns, if any. The remaining balances will be fully settled before completion of the Proposed Transactions.

During the Track Record Period, CIMC provided guarantees to certain borrowings of the Target Group China. As at 31 December 2008, the amount of outstanding borrowings by the Target Group China as guaranteed by CIMC was nil. All guarantees provided by CIMC will be fully released before completion of the Proposed Transactions.

As at 31 December 2008, the Holvrieka Group had an aggregate of approximately EURO 1.0 million (equivalent to approximately HK$10.1 million) non-trade payables to, approximately EURO 7.5 million (HK$76.1 million) borrowings from and approximately EURO 0.6 million (equivalent to approximately HK$6.1 million) non-trade receivables from related parties of CIMC. Such balances will be fully settled before completion of the Proposed Transactions.

The Directors are of the view that the Restructured Group is capable of obtaining financing from third parties without relying on any loan, guarantee or security provided by the CIMC Group upon completion of the Proposed Transactions.

On the basis of the foregoing, the Directors are of the view that, following completion of the Proposed Transactions, the Restructured Group will be able to operate independently from CIMC from a financial perspective.

UNDERTAKINGS BY THE COMPANY

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities (whether or not of a class already listed) will be issued or form the subject of any agreement to such an issue, within six months from the date of completion of the Proposed Transactions, except for the issue of Shares, the listing of which has been approved by the Stock Exchange, pursuant to the Share Option Scheme or similar arrangement under Chapter 17 of the Listing Rules, or any capitalisation issue, capital reduction or consolidation or sub-division of Shares.

Undertakings by CIMC

CIMC, being the controlling shareholder of the Company under the Listing Rules, has undertaken to the Stock Exchange that:

(1) during the period commencing from the date of completion of the Proposed Transactions up to the expiration of the first six-month period (the "**First Six-month Period**"), it will procure CIMC HK, CIMC Vehicle and Charm Wise not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances

in respect of, any of the Ordinary Shares held by them (including but not limited to the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares) or any of the New Convertible Preference Shares or any beneficial or other interests therein;

(2) during the period of six months immediately following the expiration of the First Six-month Period, it will procure CIMC HK, CIMC Vehicle and Charm Wise not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Ordinary Shares held by them (including but not limited to the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares) or any of the New Convertible Preference Shares or any beneficial or other interests therein if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, CIMC would cease to be a controlling shareholder of the Company under the Listing Rules;

(3) during the period commencing from the date of completion of the Proposed Transactions up to the expiration of the 12-month period, it will:

(i) when CIMC HK, CIMC Vehicle and Charm Wise pledge or charge any securities or interests in any securities of the Company beneficially owned by them, whether directly or indirectly, in favour of any authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, procure them to immediately inform the Company and the Stock Exchange of such pledge or charge together with the number of securities of the Company so pledged or charged; and

(ii) when CIMC HK, CIMC Vehicle and Charm Wise receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, procure them to immediately inform the Company in writing of such indications.

Undertakings by CIMC HK, Charm Wise and CIMC Vehicle

Each of CIMC HK, Charm Wise and CIMC Vehicle has undertaken to the Stock Exchange that:

(1) during the First Six-month Period, it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Ordinary Shares held by it (including but not limited to the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares) or any of the New Convertible Preference Shares or any beneficial or other interests therein;

(2) during the period of six months immediately following the expiration of the First Six-month Period, it will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Ordinary Shares held

by it (including but not limited to the New Ordinary Shares and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares) or any of the New Convertible Preference Shares or any beneficial or other interests therein if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, CIMC would cease to be a controlling shareholder of the Company under the Listing Rules;

(3) during the period commencing from the date of completion of the Proposed Transactions up to the expiry of the 12-month period, it will:

(i) when it pledges or charges any securities or interests in any securities of the Company beneficially owned by it, whether directly or indirectly, in favour of any authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform the Company and the Stock Exchange of such pledge or charge together with the number of securities of the Company so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company in writing of such indications.

CONNECTED PERSONS

(1) CIMC Group and its Associates

As at the Latest Practicable Date, Charm Wise was beneficially interested in 41.55% of the issued share capital of the Company. Charm Wise is a direct wholly-owned subsidiary of CIMC HK, which, in turn, is a direct wholly-owned subsidiary of CIMC. Accordingly, CIMC is the controlling shareholder of the Company under the Listing Rules. Immediately following completion of the Proposed Transactions, CIMC will, through CIMC HK, Charm Wise and CIMC Vehicle, be beneficially interested in approximately 56.59% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming none of the New Convertible Preference Shares has been converted), and hence, will remain as the controlling shareholder of the Company under the Listing Rules. Accordingly, the CIMC Group and its Associates are connected persons of the Company under the Listing Rules.

CIMC Tank Equipment is beneficially owned as to 15% by CIMC HK and as to 85% by CIMC BVI, both indirect wholly-owned subsidiaries of CIMC. Each of CIMC BVI and CIMC Tank Equipment is therefore a connected person of the Company under the Listing Rules.

CIMC is principally engaged in the manufacturing and sales of containers, road transportation vehicles, energy, chemical and liquid food equipment as well as air and sea transportation equipment through its various direct and indirect operating subsidiaries.

CIMC Tank Equipment is principally engaged in investment holdings.

CIMC BVI is principally engaged in investment holdings.

(2) Burg Industries Group

Burg Industries is a wholly-owned subsidiary of CIMC Burg, which, in turn, is benefically owned as to 80% by CIMC Europe BVBA and as to 20% by PGM. CIMC Europe BVBA is an indirect wholly-owned subsidiary of CIMC, the controlling shareholder of the Company under the Listing Rules. Accordingly, members of the Burg Industries Group and its Associates are connected persons of the Company under the Listing Rules.

The Burg Industries Group (excluding the Holvrieka Group) is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, road transportation equipment such as trailers and truck bodies for the transportation of various kinds of cargo.

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

1. Transactions under the Master Agreements

There are certain existing transactions between the Target Group (on the one part) and the CIMC Group and its Associates (excluding the Target Group) or the Burg Industries Group and its Associates (on the other part). It is proposed that master agreements be entered into between the Company and CIMC and between the Company and Burg Industries for the following continuing connected transactions. The terms of the Master Agreements have been agreed between the parties and will be signed on the date where the Proposed Transactions are passed by the Independent Shareholders at the EGM. Each of the Master Agreements contains binding principles, guidelines and terms and conditions pursuant to which all spare parts, products and services contemplated therein are to be provided by the relevant provider to the relevant recipient.

Summary of the contracting parties, reasons and types of spare parts, products and services

Item	Title	Contracting parties	Reasons for entering into the relevant Master Agreement	Types of spare parts, products and services
1.1	Master Supply of Spare Parts Agreement	The Company and CIMC	To regulate the supply of spare parts by the CIMC Group (excluding the Restructured Group) and its Associates to the Restructured Group	- Provision of vehicle chassis, vehicle platform and intelligent remote monitoring system - Other related spare parts
1.2	Holvrieka Master Supply of Spare Parts Agreement	The Company and Burg Industries	To regulate the supply of spare parts by the Burg Industries Group and its Associates to the Restructured Group	- Provision of vehicle chasis - Other related spare parts
1.3	Master Sale of Products Agreement	The Company and CIMC	To regulate the sale of products by the Restructured Group to the CIMC Group (excluding the Restructured Group) and its Associates	- Sale of oil tanks, pressure cylinder tanks, ISO tanks and storage tanks - Other related products

Item	Title	Contracting parties	Reasons for entering into the relevant Master Agreement	Types of spare parts, products and services
1.4	Master Processing Services Agreement	The Company and CIMC	To regulate the provision of processing services (including site leasing) by the CIMC Group (excluding the Restructured Group) and its Associates to support the production of the Restructured Group	Provision of processing services including uncoiling steel, sand blasting and base coat spraying - Site leasing - Other related services
1.5	Master Comprehensive Services Agreement	The Company and CIMC	To regulate the general services provided by the CIMC Group (excluding the Restructured Group) and its Associates to the Restructured Group	- Provision of comprehensive services including catering for staff, health services - Miscellaneous general services
1.6	Holvrieka Master Sale of Tanks Agreement	The Company and Burg Industries	To regulate the sale of tanks for the production of road tankers of the Burg Industries Group and its Associates by the Restructured Group	- Sale of tanks
1.7	Holvrieka Management Agreement	Holvrieka Holding and Burg Industries	To regulate the provision of management services by the Burg Industries Group and its Associates to the Holvrieka Group	- Provision of management services by the Burg Industries Group and its Associates to the Holvrieka Group

Principal general terms of the Master Agreements

(i) *General principles, prices and terms*

The Master Agreements require, in general terms, that:

- the prices of the spare parts, products and services to be provided must be fair and reasonable; and

- the terms and conditions on which the spare parts, products and services will be provided from or to the Restructured Group should not be less favorable than those:

  (i) available from or to (as appropriate) the relevant connected persons, their subsidiaries and/or associates to or from (as appropriate) Independent Third Parties; and

  (ii) available from or to (as appropriate) Independent Third Parties to or from (as appropriate) the Restructured Group.

(ii) *Price determination*

Each of the Master Supply of Spare Parts Agreement, the Master Sale of Products Agreement, the Master Processing Services Agreement and the Master Comprehensive Services Agreement provides that the relevant spare parts, products or services must be provided in accordance with the following general pricing principles:

- State-prescribed prices, being the prices set by the relevant laws, regulations and other governmental regulatory documents issued by the relevant authorities of the Chinese government;

- where there is no State-prescribed price, then according to relevant market prices (being the prices at which the same or comparable type of spare parts, products or services are provided from or to (as appropriate) Independent Third Parties in the same area in the ordinary course of business); or

- where there is no relevant market price, then according to the actual cost incurred in providing those spare parts, products or services plus an appropriate margin. Pursuant to the terms of the above agreements, an appropriate margin means a fair and reasonable margin determined by the parties to the above agreements based on normal commercial terms and prevailing market price.

The Holvrieka Master Sale of Tanks Agreement, the Holvrieka Master Supply of Spare Parts Agreement and the Holvrieka Management Agreement provide that the price shall be determined on an arms' length basis and comparable to the prevailing market rates or at rates similar to those offered by the Restructured Group to Independent Third Parties or offered to the Restructured Group by Independent Third Parties.

(iii) *Term and termination*

The initial term of the Master Agreements commence from the date of completion of the Proposed Transactions to 31 December 2011. Upon expiration of such initial term, subject to compliance by the Company with applicable requirements under the Listing Rules, each of the Master Agreements will be renewed automatically for a further term of three years (or for such other longer period as may be permitted for continuing connected transactions under the Listing Rules), unless at any time any relevant party gives at least 30 days' prior written notice of termination to the other party or parties.

(iv) *Execution agreements*

The Master Agreements are framework agreements which provide the mechanism for the operation of the continuing connected transactions described therein. It is envisaged that from time to time and as required, individual execution agreements may be required to be entered into between the Restructured Group, the relevant connected persons and their subsidiaries and associates, as appropriate.

Each execution agreement will set out the specific spare parts, products and services requested by the relevant party and any detailed technical and other specifications which may be relevant to those spare parts, products or services. An execution agreement may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions contained in the relevant Master Agreement pursuant to which such execution agreement is entered into.

Historical Figures

The table below sets forth the historical transaction amounts of the transactions between the Target Group (on the one part) and the CIMC Group and its Associates and the Burg Industries Group and its Associates (on the other) for each of the three years ended 31 December 2006, 2007 and 2008:

	For the year ended 31 December		
	2006	**2007**	**2008**
Transactions of a nature similar to those under the Master Supply of Spare Parts Agreement	approximately RMB13,532,000	approximately RMB28,961,000	approximately RMB52,171,000
Transactions of a nature similar to those under the Holvrieka Master Supply of Spare Parts Agreement	approximately EURO 371,000 (equivalent to approximately RMB3,290,807)	approximately EURO 377,000 (equivalent to approximately RMB3,344,028)	approximately EURO 375,000 (equivalent to approximately RMB3,326,288)
Transactions of a nature similar to those under the Master Sale of Products Agreement	approximately RMB1,735,000	approximately RMB8,481,000	approximately RMB126,533,000
Transactions of a nature similar to those under the Master Processing Services Agreement	approximately RMB4,748,000	approximately RMB4,543,000	approximately RMB21,628,000
Transactions of a nature similar to those under the Master Comprehensive Services Agreement	approximately RMB2,664,000	approximately RMB2,745,000	approximately RMB3,019,000
Transactions of a nature similar to those under the Holvrieka Master Sale of Tanks Agreement	approximately EURO 6,783,000 (equivalent to approximately RMB60,165,888)	approximately EURO 6,897,000 (equivalent to approximately RMB61,177,080)	approximately EURO 9,222,000 (equivalent to approximately RMB81,800,062)
Transactions of a nature similar to those under the Holvrieka Management Agreement	approximately EURO 525,000 (equivalent to approximately RMB4,656,803)	approximately EURO 525,000 (equivalent to approximately RMB4,656,803)	approximately EURO 555,000 (equivalent to approximately RMB4,922,906)

2. Trademark Licence Agreement

CIMC and the Company propose to enter into the Trademark Licence Agreement, pursuant to which CIMC will grant to the Restructured Group a non-exclusive licence to use certain trademarks including, among others, "CIMC 中集" and "CIMC" in the Relevant Business at nil consideration, for a term from the date of completion of the Proposed Transactions until the expiration of the registration (or extended registration, where appropriate) of the trademarks, or the termination of the Trademark Licence Agreement by mutual agreement between the parties, or where CIMC ceases to be a controlling shareholder of the Company under the Listing Rules. Pursuant to the Trademark Licence Agreement, CIMC will agree not to use the trademarks on any product or service provided by the CIMC Group which may compete with the Relevant Business, without the prior written consent of the Company (other than the use of such trademarks on the Permitted Business). The terms of the Trademark Licence Agreement have been agreed between the parties and will be signed on the date where the Proposed Transactions are passed by the Independent Shareholders at the EGM.

3. Technology Licence Agreement

Holvrieka Holding and CIMC Tank Equipment entered into the Technology Licence Agreement on 19 March 2009, pursuant to which Holvrieka Holding has granted to CIMC Tank Equipment and its affiliates a non-exclusive licence to use the know-how and trademarks of Holvrieka Holding in the design, manufacturing and sale of tank and related parts in China during the term of the Technology Licence Agreement (i.e. 3 years from 19 March 2009). CIMC Tank Equipment will pay a licence fee of 2.15% of the revenue generated from the sales of the products by CIMC Tank Equipment and its affiliates, including NCLS. It is intended that the know-how and trademarks will be used by NCLS for the design, manufacturing and sale of tanks in China. Please also refer to section headed "Relationship with the Controlling Shareholder" for more information on NCLS.

4. Universal Collar Tank Technology Transfer Sub-licence Agreement

UBHI, CIMC BVI and Nantong CIMC Special Transportation Equipment Co., Ltd. (the predecessor of Nantong CIMC) entered into the Universal Collar Tank Technology Transfer Agreement on 29 July 2002, pursuant to which UBHI has granted CIMC BVI an exclusive non-transferable licence to use certain know-how in the PRC to manufacture tank containers during the term of the Universal Collar Tank Technology Transfer Agreement (i.e. 10 years from 29 July 2002) and a non-transferable licence to use the name or mark "Universal Collar Tank" on the products.

After the establishment of Nantong CIMC on 14 August 2003, CIMC BVI and Nantong CIMC entered into the Universal Collar Tank Technology Transfer Sub-licence Agreement on 1 January 2004, pursuant to which CIMC BVI has sub-licenced to Nantong CIMC to use such know-how in China to manufacture tank containers on terms set out in the Universal Collar Tank Technology Transfer Sub-licence Agreement at nil consideration during the remainder of the term of the Technology Transfer Agreement.

5. Low Height Frame Tank Container Technology Transfer Agreement

UBHI, CIMC BVI and Nantong CIMC entered into the Low Height Frame Tank Container Technology Transfer Agreement on 28 September 2006, pursuant to which UBHI has granted CIMC BVI an exclusive, non-transferable licence to use advanced proprietary technologies in China to manufacture 11,000 litre and 14,000 litre low height frame tank containers during the term of the Low Height Frame Tank Container Technology Transfer Agreement (i.e. 10 years from 28 September 2006). Pursuant to the same agreement, CIMC BVI has granted Nantong CIMC a sub-licence to use those know-how in China to manufacture 11,000 litre and 14,000 litre low height frame tank containers on terms of the Low Height Frame Tank Container Technology Transfer Agreement at nil consideration during the term of the Low Height Frame Tank Container Technology Transfer Agreement.

6. Confirmatory Agreement on Patent and Know-how Sub-licence

CIMC and WEW entered into the Patent and Know-how Licence Agreement on 24 December 2006, pursuant to which WEW has granted CIMC an exclusive, non-transferable licence to use certain know-how and patents to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market during the term of the Patent and Know-how Sub-licence Agreement (i.e. 10 years from 24 December 2006.).

CIMC and Nantong CIMC entered into the Confirmatory Agreement on Patent and Know-how Sub-licence on 31 May 2009, pursuant to which CIMC confirmed that it has agreed to grant Nantong CIMC a sub-licence to use those know-how and patents under the Patent and Know-how Licence Agreement to manufacture carbon steel gas tank containers (excluding cryogenic gas tanks) in China for sale throughout the worldwide market at nil consideration during the remainder of the term of the Patent and Know-how Licence Agreement with effect from 24 December 2006.

Proposed Annual Caps

The proposed annual caps (taking into account the inclusion of the Target Group) for the transactions contemplated under the Master Agreements, the Trademark Licence Agreement, the Technology Licence Agreement, the Universal Collar Tank Technology Transfer Sub-licence Agreement, the Low Height Frame Tank Container Technology Transfer Agreement and the Confirmatory Agreement on Patent and Know-how Sub-licence for the three years ending 31 December 2009, 2010 and 2011 are as follows:

	For the year ending 31 December		
	2009	2010	2011
Transactions under the Master Supply of Spare Parts Agreement *(Note 1)*	RMB53,139,000	RMB65,987,000	RMB95,722,000
Transactions under the Holvrieka Master Supply of Spare Parts Agreement *(Note 2)*	EURO 375,000 (equivalent to approximately RMB3,326,288)	EURO 375,000 (equivalent to approximately RMB3,326,288)	EURO 375,000 (equivalent to approximately RMB3,326,288)
Sub-total *(Note 3)*	RMB56,465,288	RMB69,313,288	RMB99,048,288
Transactions under the Master Sale of Products Agreement *(Note 4)*	RMB178,699,000	RMB240,879,000	RMB349,211,000
Transactions under the Master Processing Services Agreement *(Note 5)*	RMB11,252,000	RMB15,262,000	RMB18,171,000
Transactions under the Master Comprehensive Services Agreement *(Note 5)*	RMB3,261,000	RMB3,522,000	RMB3,804,000
Transactions under the Holvrieka Master Sale of Tanks Agreement *(Note 6)*	EURO 2,775,000 (equivalent to approximately RMB24,614,528)	EURO 4,238,000 (equivalent to approximately RMB37,591,484)	EURO 5,800,000 (equivalent to approximately RMB51,446,580)
Transactions under the Holvrieka Management Agreement *(Note 7)*	EURO 560,000 (equivalent to approximately RMB4,967,256)	EURO 565,000 (equivalent to approximately RMB5,011,607)	EURO 570,000 (equivalent to approximately RMB5,055,957)
Transactions under the Trademark Licence Agreement	Nil	Nil	Nil
Transactions under the Technology Licence Agreement *(Note 8)*	RMB4,000,000	RMB6,000,000	RMB8,000,000

	For the year ending 31 December		
	2009	2010	2011
Transactions under the Universal Collar Tank Technology Transfer Sub-licence Agreement	Nil	Nil	Nil
Transactions under the Low Height Frame Tank Container Technology Transfer Agreement	Nil	Nil	Nil
Sub-total *(Note 9)*	RMB4,000,000	RMB6,000,000	RMB8,000,000
Transactions under the Confirmatory Agreement on Patent and Know-how Sub-licence	Nil	Nil	Nil

Notes:

(1) The proposed annual caps for the transactions under the Master Supply of Spare Parts Agreement have been determined based on the estimated increase in purchase volumes with reference to the historical transaction amounts and the expected growth of the Restructured Group.

There was a significant increase in the historical transaction amount for the year ended 31 December 2008 due to the increase in purchases of vehicle chassis and vehicle platforms.

There is an increasing trend in the annual caps for the years ending 31 December 2010 and 2011 due to the planned introduction of a new product in 2010. The expected selling prices of the products under the Master Supply of Spare Parts Agreement have been determined based on historical price trends and market prices.

(2) The proposed annual caps for the transactions under the Holvrieka Master Supply of Spare Parts Agreement have been determined with reference to the relatively stable historical transaction amounts.

(3) In accordance with Rule 14A.25 of the Listing Rules, the proposed annual caps of the transactions contemplated under the Master Supply of Spare Parts Agreement and the Holvrieka Master Supply of Spare Parts Agreement for the three years ending 31 December 2009, 2010 and 2011 are aggregated.

(4) The proposed annual caps for the transactions under the Master Sale of Products Agreement have been determined based on the estimated increase in sales volumes with reference to the historical transaction amounts and expected growth of the Restructured Group. There is a significant increase in the estimated transaction amount for the year ending 31 December 2009 as compared to the historical amount for the year ended 31 December 2008 due to finance lease services introduced in early 2008 where customers could acquire products from the Target Group China under a finance lease arrangement. The Company anticipates that the introduction of finance lease services will accelerate the growth of the sales volumes in the three years ending 31 December 2009, 2010 and 2011.

(5) The proposed annual caps for the transactions under the Master Processing Services Agreement and the Master Comprehensive Services Agreement have been determined with reference to the historical transaction amounts, the expected growth in market prices and the expected growth in the business of the Restructured Group.

(6) The proposed annual caps for the transactions under the Holvrieka Master Sale of Tanks Agreement have been determined with reference to the historical transaction amounts, the expected growth in market prices and the expected growth in the business of the Restructured Group.

The proposed annual cap for the year ending 31 December 2009 is determined with reference to the extrapolation of the current number of orders received. There is a significant decrease in the estimated transaction amount for the year ending 31 December 2009 as compared to the historical amount for the year ended 31 December 2008 due to the expected decline in demand stemming from the slowdown in the global macro economy and an expected decrease in average selling price.

For the year ending 31 December 2010 and 2011, it assumes an increase in units sold as well as minimal increase in average selling price.

(7) The proposed annual caps for the transactions under the Holvrieka Management Agreement have been determined with reference to the historical transaction amounts and the expected growth of the Restructured Group.

The number of staff employed under the Holvrieka Management Agreement is expected to be maintained at the current levels for the three years ending 31 December 2009, 2010 and 2011; the modest increase in the proposed annual caps for the year ending 31 December 2009 to the year ending 31 December 2011 has taken into account the potential increase in wages over the years.

(8) The proposed annual caps for the transactions under the Technology Licence Agreement have been determined with reference to the current business plan and the expected revenue of NCLS.

(9) In accordance with Rule 14A.25 of the Listing Rules, the proposed annual caps of the transactions contemplated under the Technology Licence Agreement, the Universal Collar Tank Technology Transfer Sub-licence Agreement and the Low Height Frame Tank Container Technology Transfer Agreement for the three years ending 31 December 2009, 2010 and 2011 are aggregated.

The Directors (including the independent non-executive Directors) consider that the Master Agreements, the Trademark Licence Agreement, the Technology Licence Agreement, the Universal Collar Tank Technology Transfer Sub-licence Agreement, the Low Height Frame Tank Container Technology Transfer Agreement and the Confirmatory Agreement on Patent and Know-how Sub-licence have been and will be entered into in the ordinary and usual course of business of the Restructured Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole, and that the annual caps of each of the continuing connected transactions disclosed above are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of the relevant percentage ratios of the proposed annual caps for the transaction contemplated under each of the Trademark Licence Agreement and the Confirmatory Agreement on Patent and Know-how Sub-licence for the three years ending 31 December 2009, 2010 and 2011 is less than 0.1%, such transactions are de minimus transactions and are exempted from the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios of the proposed annual caps of the transactions contemplated under each of the Master Processing Services Agreement, the Master Comprehensive Services Agreement and the Holvrieka Management Agreement and the proposed aggregated annual caps of the transactions contemplated under the Universal Collar Tank Technology Transfer Sub-licence Agreement, the Low Height Frame Tank Container Technology Transfer Agreement and the Technology Licence Agreement for the three years ending 31 December 2009, 2010 and 2011 exceeds 0.1% but is less than 2.5%, such transactions are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules and are exempted from Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios of the proposed aggregated annual caps of the transactions contemplated under the Master Supply of Spare Parts Agreement and the Holvrieka Master Supply of Spare Parts Agreement, and the proposed annual caps of the transactions contemplated under each of the Master Sale of Products Agreement and the Holvrieka Master Sale of Tanks Agreement for the three years ending 31 December 2009, 2010 and 2011 exceeds 2.5%, such transactions and the relevant proposed annual caps for the three years ending 31 December 2009, 2010 and 2011 are subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the requirements of Chapter 14A of the Listing Rules.

The Independent Financial Adviser is of the view that (1) the Master Supply of Spare Parts Agreement, the Master Sale of Products Agreement, the Holvrieka Master Sale of Tanks Agreement and the Holvrieka Master Supply of Spare Parts Agreement have been and will be entered into in the ordinary and usual course of the business of the Restructured Group, on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole; and (2) the annual caps for such transactions are fair and reasonable. Please refer to the section headed "Letter from the Independent Financial Adviser" of this circular for details.

The following sets out the biographical details of the Directors and senior management of the Company immediately following completion of the Proposed Transactions:

DIRECTORS

List of Directors

Name	Age	Position
Mr. Zhao Qingsheng (趙慶生)	56	Executive Director
Mr. Jin Yongsheng (金永生)	45	Executive Director
Mr. Wu Fapei (吳發沛)	50	Executive Director
Mr. Jin Jianlong (金建隆)	55	Executive Director
Mr. Yu Yuqun (于玉群)	43	Executive Director
Mr. Shi Caixing (施才興)	45	Executive Director
Mr. Qin Gang (秦鋼)	50	Executive Director
Mr. Wong Chun Ho (王俊豪)	37	Independent non-executive Director
Mr. Gao Zhengping (高正平)	54	Independent non-executive Director
Mr. Shou Binan (壽比南)	52	Independent non-executive Director

Executive Directors

Mr. ZHAO Qingsheng (趙慶生), aged 56, joined the Group as an executive Director in September 2007 and has become the Chairman of the Board since October 2007. Mr. Zhao is primarily responsible for the formulation of development strategies and overall business planning of the Group. He graduated from 武漢水運工程學院 (Wuhan University of Water Transportation Engineering) (now known as 武漢理工大學 (Wuhan University of Technology)) in 1982, majoring in vessel internal combustion engineering. Mr. Zhao joined China Merchants Group Limited (招商局集團有限公司) in 1983 and was the general manager of its enterprise department from 1991 to 1995. He was appointed the deputy general manager of China Merchants Holdings (International) Company Limited (招商局國際有限公司) from 1995 to 1999. Mr. Zhao then joined CIMC and served as a vice-president from 1999 until now. He holds directorships in 12 subsidiaries of the Company. Mr. Zhao has 10 years of experience in the storage and transportation equipment industry and possesses in-depth knowledge as well as extensive managerial and operational experience in this industry. His extensive experience is gained from time spent in his past positions.

Mr. JIN Yongsheng (金永生), aged 45, was appointed an executive Director and the Chief Executive Officer of the Company in June 2006. Mr. Jin is primarily responsible for the supervision of the overall daily business operation and implementation of development strategies of the Group. He graduated from 天津財經大學 (Tianjin University of Finance and Economics) in 1986, specialising in finance. He also obtained an executive master's degree in business administration in 2005 from 北京大學光華管理學院 (Guanghua School of Management of Peking University). He joined the Group in September 2005 serving as an investor relations manager of the Company, primarily responsible for bridging the Company with investors and media. Mr. Jin joined 新奥集團股份有限公司 (Xinao Group Company Limited) in 1997 and serves as the chief legal adviser until now. He was appointed a director of Xinao Group International Investment Limited in 2006. Mr. Jin was an executive Director of Xinao Gas Holdings Limited, a company the shares of which are listed on the Stock Exchange, from 2000 to 2006 and is currently its non-executive Director. He holds directorships in five subsidiaries of the Company. Mr. Jin possesses in-depth knowledge as well as extensive managerial and operational experience in this industry. Such extensive experience is gained from his further education and time spent in his past positions. He is also a qualified lawyer in China and has over 18 years of experience in legal work.

Mr. WU Fapei (吳發沛), aged 50, joined the Group and was appointed an executive Director in September 2007. Mr. Wu is primarily responsible for the formulation of development strategies and decision making within the Company. He obtained a bachelor's degree in machinery production in 1982 and a master's degree in engineering in 1989, both from 南華理工大學 (South China University of Technology). Mr. Wu was a lecturer from 1982 to 1992 and an associate professor from 1992 to 1997 at the School of Management of such university. He served as a deputy general manager of 廣東省肇慶市南華自行車榮輝有限公司 (Guangdong Zhaoqing Nanhua Bicycle Ronghui Co., Ltd.) from 1995 to 1997. He joined CIMC in 1996 and served as the manager of the information technology department from 1996 to 2001 and an assistant to the president and the secretary to the board of directors of CIMC from 1998 to 2004. Mr. Wu is a director of Nantong CIMC, primarily responsible for the formulation of development strategies, business development and the supervision of overall daily operation of the company since 2003, and has been a vice-president of CIMC since 2004. Mr. Wu has 13 years of experience in the containers industry and possess extensive managerial experience as well as in-depth knowledge in this field. Such extensive experience is gained from his education and time spent in his past positions.

Mr. JIN Jianlong (金建隆), aged 55, joined the Group and was appointed an executive Director in September 2007. Mr. Jin is primarily responsible for the supervision of financial management and formulation of development strategies. He graduated from 馬鞍山鋼鐵學院 (Maanshan University of Iron and Steel Technology) in 1985, majoring in accounting. Mr. Jin worked in 杭州鋼鐵廠 (Hangzhou Iron and Steel Factory) from 1975 and served as a deputy manager of its accounting department from 1985 to 1989. He joined CIMC in 1989 and served as the manager of the finance department of 深圳南方中集集裝箱製造有限公司 (Shenzhen Southern CIMC Containers Manufacturing Co., Ltd.). Mr. Jin is currently a director of Nantong CIMC, and the general manager of the financial management department of CIMC. He holds directorships in 11 subsidiaries of the Company. Mr. Jin has more than 30 years of experience in accounting and finance and possess extensive financial management. Such extensive experience is gained from his education and time spent in his past positions.

Mr. YU Yuqun (于玉群), aged 43, joined the Group and was appointed an executive Director in September 2007. Mr. Yu is primarily responsible for the supervision of market operations and capital market operations of the Company. He obtained a bachelor's degree and a master's degree in economics in 1987 and 1992, respectively, both from 北京大學 (Peking University). Mr. Yu worked in 國家物價局 (State Bureau of Commodity Price) from 1987 to 1989 before joining CIMC in 1992. Mr. Yu is currently the secretary to the board of directors of CIMC, responsible for investor relations and finance management. He also holds directorships in ten subsidiaries of the Company. Mr. Yu has over 15 years of experience in financial management and possesses extensive managerial experience. Such extensive experience is gained from his further education and time spent in his past positions.

Mr. SHI Caixing (施才興), aged 45, joined the Group and was appointed an executive Director in September 2007. Mr. Shi is primarily responsible for the sales and marketing of the Group. He graduated from a master's course at 北京大學經濟學院 (School of Economics of the Peking University) in 2002. Mr. Shi was the head of the general office of, and the manager of, 張家港市華菱化工機械廠 (Zhangjiagang Hualing Chemical Machinery Works Co., Ltd.) from 1994 to 1997, and the general manager of 張家港市阿比西氣體設備有限公司 (Zhangjiagang ABC Gas Equipment Co., Ltd.) from 1998 to 2001. He was also a deputy general manager and an executive deputy general manager of 張家港市聖達因化工機械有限公司 (Zhangjiagang Sanctum Chemical Machinery Co., Ltd.) from 2001 to 2003. Mr. Shi is currently a director and the general manager of Zhangjiagang CIMC, responsible for the operation and management of the company. Mr. Shi has 15 years of experience in the storage and transportation equipment industry and possesses extensive managerial experience and in-depth knowledge in this field. Such extensive experience is gained from his further education and time spent in his past positions.

Mr. QIN Gang (秦鋼), aged 50, joined the Group and was appointed an executive Director in September 2007. Mr. Qin is primarily responsible for the formulation of development strategies and business development of the Group. He obtained a bachelor's degree in foundry engineering from 華南理工大學 (South China University of Technology) in 1982 and a master's degree in business administration from the School of Management, the State University of New York at Buffalo in 1988. Mr. Qin served as a deputy director of the business and planning department of 廣州重型機器廠 (Guangzhou Heavy Machinery Works) from 1988 to 1992 and a deputy general manager of Fonda Development Ltd. (香港泛達發展有限公司) from 1993 to 1999. Mr. Qin joined CIMC in 2000 as an assistant to the manager of its research and development department, and is currently the manager of its strategy development department. Mr. Qin has over 20 years of management experience in the industrial industry. Such extensive experience is gained from his further education and time spent in his past positions.

Independent non-executive Directors

Mr. WONG Chun Ho (王俊豪), aged 37, joined the Group and was appointed an independent non-executive Director since February 2005. He obtained his bachelor's degrees in business (accounting) and computing (information system) from Monash University, Australia in 1995. Mr. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified Practising Accountant of CPA Australia and a Chartered Financial Analyst. He is currently an assistant director of N M Rothschild & Sons (Hong Kong) Limited and prior to that he worked in KPMG. Mr. Wong has over 10 years of corporate finance and audit experience in the Hong Kong and China regions.

Mr. GAO Zhengping (高正平), aged 54, joined the Group and was appointed an independent non-executive Director since February 2005. Mr. Gao is primarily responsible for the internal control of the Group and contributing independent advice to the Board. He received a doctorate in management from the 天津財經大學 (Tianjin University of Finance and Economics) in 2002 and has been the deputy vice chancellor since 1996 and a professor since 1997 of such university. Mr. Gao has also been a standing director of 中國人才研究會金融人才專業委員會 (the Financial Talents Committee of Talents Research Association of the PRC) since 1997, a member of 中國金融出版社金融教材編輯委員會 (the editorial board of financial publications of China Financial Publishing House) since 2000, the vice chairman of 天津市金融學會 (the Tianjin Finance Association) since 2005 and a member of 天津市風險投資促進會 (the Professional Committee of the Tianjin Venture Investment Promotion Association) since 2000. Mr. Gao is an independent director and a member of the audit committee of 天津鑫茂科技股份有限公司 (Tianjin Xinmao Science and Technology Co., Ltd.) a joint stock company whose shares are listed on the Shenzhen Stock Exchange, since 2007. He has over 25 years of experience in finance and economics. Such extensive experience is gained from his further education and time spent in his past positions.

Mr. SHOU Binan (壽比南), aged 52, joined the Group and was appointed an independent non-executive Director since February 2005. Mr. Shou is primarily responsible for the internal control of the Group and contributing independent advice to the Board. Mr. Shou obtained a bachelor degree in engineering from 大連理工大學 (Dalian University of Technology) in 1982 and a master's degree in engineering from 清華大學 (Tsinghua University) in 1995. He is a senior engineer of 中國石化經濟技術研究院 (the Research Institute of China's Petrochemical Industry Economy and Technology) since 1991. He was appointed by 中國國家標準化管理委員會 (the Management Committee of the Standardisation Administration of China) as a member in 1991 and has been the chief secretary of 全國鍋爐壓力容器標準化技術委員會 (the China Standardisation Committee on Boilers and Pressure Vessels) since 1996. Mr. Shou is a committee member of 中國國家品質監督檢驗檢疫總局特種設備安全技術委員會 (the Special Equipment Safety Technology Committee of the General Administration Bureau of Quality Supervision, Inspection and Quarantine of the PRC) since 2003. He was also appointed as a member of the academic committee of post-doctorate scientific research working station of 合肥通用機械研究所博士後科研工作站學術委員會 (the Hefei General Machinery Research Institute) in 2004. He has 27 years of experience in the pressure vessel, storage and transportation equipment industry. Such extensive experience is gained from his further education and time spent in his past positions.

Senior Management

Mr. JIN Yongsheng (金永生), please refer to the sub-section headed "Executive Directors" in this section for details.

Mr. Gao Xiang (高翔), aged 43, is the general manager of the Company. Mr. Gao is responsible for the oversight of overall business and management and leading the execution of strategic plans of the Group. He graduated from 天津大學 (Tianjin University), majoring in marine and vessel engineering. Prior to joining the Group in January 2009, Mr. Gao had been the deputy general manager of 天津中集北洋集裝箱有限公司 (Tianjin CIMC North Ocean Containers Co., Ltd.) and the general manager of 天津中集北洋集團公司 (Tianjin CIMC North Ocean Group Ltd.) in 1999. He is a senior engineer and possesses extensive managerial experience in the containers industry.

Mr. REN Yingjian (任英健), aged 53, is the general manager of Enric Gas Equipment. Mr. Ren is primarily responsible for the supervision of overall daily operation and strategic decision-making of Enric Gas Equipment. Mr. Ren completed his study in 清華大學經濟管理學院 (School of

Economics and Management of Tsinghua University) in 1996 and is an engineer. Prior to joining the Group in September 2003, Mr. Ren was the managing director of 牡丹江金牡丹針織有限公司 (Mudanjiang Gold Peony Knitwear Company) from 1992 to 1994 and the general manager of 牡丹江三星針織廠 (Mudanjiang Sanxing Knitwear Factory) from 1996 to 1997. He then served as the general manager 新奧集團太陽能公司 of (Xinao Group Solar Energy Company Limited) from 1997 to 2002, the deputy general manager of 新奧集團石家莊化工機械股份有限公司 (Xinao Group Shijiazhuang Chemical Machinery Company Limited) from 2002 to 2003 and the general manager in Enric Gas Equipment from 2003 until now. Mr. Ren has over 30 years of experience in the management of industrial enterprises. Such extensive managerial experience is gained from time spent in his past positions.

Mr. LIU Wenxiang (劉文祥), aged 45, is the general manager of Enric Integration. Mr. Liu is primarily responsible for the supervision of overall operation and strategic decision-making of Enric Integration. He graduated from 天津工業大學 (Tianjin Polytechnic University) in 1986, majoring in mechanical design. Mr. Lin served various positions in 邯鄲紡織機械廠 (Handan Textile Machinery Factory), such as the head of the research and design department from 1986 to 1996 and the head of sales department from 1996 to 2000. Prior to joining the Group in July 2006, Mr. Liu was a marketing manager at 北京偉航新技術開發有限公司 (Beijing Weihong New-tech Development Company Limited) from 2000 to 2002. He possess extensive managerial experience and has over 5 years of experience in sales and marketing. Such extensive managerial experience is gained from time spent in his past positions.

Mr. WANG Fenglin (王鳳林), aged 51, is the general manager of Enric Compressor. Mr. Wang is primarily responsible for the supervision of overall daily operation and strategic decision-making of Enric Compressor. He obtained a bachelor's degree in engineering from 甘肅工業大學 (Gansu University of Technology) in 1982 and a master's degree in business administration from Lancaster University, the UK in 1990. He is a certified engineer and a senior economist. Prior to joining the Group in December 2004, Mr. Wang was a general manager of 邯鄲紡織機械廠 (Handan Textile Machinery Factory) from 1996 to 1998, a deputy head of import and export department for 中國紡織機械集團 (China Textile Machinery (Group) Co., Ltd.) from 1998 to 1999, and a general manager of 北京偉航新技術開發有限公司 (Beijing Weihong New-tech Development Company Limited) from 2000 to 2004. He has over 18 years of experience in the management of industrial enterprises. Such extensive managerial experience is gained from time spent in his past positions.

Company Secretary

Mr. CHEONG Siu Fai (張紹輝), aged 37, was appointed the company secretary of the Company in February 2005. Mr. Cheong is employed on a full-time basis and is a member of the Company's senior management. He is responsible for financial management, corporate finance, implementation of corporate governance practices and investor relations of the Company. He graduated with a bachelor's degree in business administration from Thames Valley University, the UK in 2001. Mr. Cheong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of the Association of International Accountants in the UK. Prior to joining the Group in December 2004, Mr. Cheong worked at BDO International, an international firm of certified public accountants and has over 12 years of experience in accounting, financial management and corporate finance. Mr. Cheong was an executive Director from January 2007 to October 2007.

OTHER DISCLOSURES UNDER RULE 13.51(2) OF THE LISTING RULES

Mr. Qin Gang has served and is serving as directors in the following liquidated or dissolved companies, full particulars of which are listed below:

(i) He has served as a director at 揚州通運集裝箱有限公司 (Yangzhou Tong Yun Containers Company Limited) from 28 July 2004 to 21 August 2006. The company was incorporated in Yangzhou, the PRC and is engaged in the manufacturing and sales of general containers. On 18 October 2006, liquidation proceedings were commenced against this company and the total amount of claim involved was US$1,600,000. The Intermediate People's Court of Yangzhou had ruled that the company was insolvent and the liquidation proceedings were still in progress as at the Latest Practicable Date.

(ii) He has served as a director at 揚州通利冷藏集裝箱有限公司 (Yangzhou Tong Li Refrigerated Containers Company Limited) since 2004. The company was incorporated in Yangzhou, the PRC and is engaged in the manufacturing and sales of reefer containers. On 25 May 2007, an insolvency claim was filed with the Intermediate People's Court of Yangzhou and the total amount of claim involved was US$7,400,000. The Intermediate People's Court of Yangzhou had accepted the creditor's insolvency application against the company but the trial date had not yet been fixed as at the Latest Practicable Date.

(iii) He served as a director at 青島中集交通裝備有限公司 (Qingdao Zhongji Transportation Containers Company Limited) from 25 March 2004 to 18 June 2007. The company was incorporated in Qingdao, the PRC and is engaged in the manufacturing and sales of general containers. In May 2005, an equity-holders' voluntary winding up application was lodged, to and approved by, 青島市對外貿易經濟合作局 (Qingdao City External Trading and Economics Cooperation Bureau), and the winding up procedures commenced since then. On 18 June 2007, all the winding up procedures were completed. As approved by 青島市工商行政管理局 (Qingdao City Industrial and Commercial Administration Bureau), the company has officially been de-registered since 18 June 2007.

Except as disclosed above, none of the Directors or senior management had any other directorship in any other listed company during the three years preceding the date of this circular. Except as disclosed above, none of the senior management had any service contract or interest in the Ordinary Shares within the meaning of Part XV of the SFO. Except as disclosed in this section, the section headed "Relationship with the Controlling Shareholder", note 4(d) to the accountant's report on the Target Group set out in Appendix I to this circular headed "Staff cost (including directors' emoluments)" and sub-sections headed "Disclosure of interests" and "Service contracts" in Appendix VIII to this circular, there is no other information required to be disclosed in relation to any of the Directors pursuant to Rule 13.51(2) of the Listing Rules.

EMPLOYEES

As at 31 March 2009, the Group had a total of 1,755 full-time employee. A breakdown of the number of employees of the Group by function is as follows:

Function	As at 31 March 2009
Management	139
Research and development	183
Production	1,032
Quality control	101
Sales and marketing	137
Administration	163
Total	1,755

The total employees cost (including Directors' emoluments and contributions under retirement benefit schemes) for the year 2008 was approximately RMB101.4 million (equivalent to approximately HK$116.0 million). As an equal opportunity employer, the remuneration and bonus policies of the Group are determined with reference to the performance, qualifications and experience of individual employee and prevailing market rates. Other benefits include contributions to the statutory mandatory provident fund scheme to employees in Hong Kong and contributions to government pension schemes to employees in China.

STAFF RELATIONS

The Group maintains good relations with its employees and has not encountered any major difficulty in the recruitment or retention of employees. There were no material interruption to its operations due to labour disputes in the past.

RETIREMENT SCHEMES

The Group operates retirement schemes for its employees in the PRC, details of which are set out in the Financial Information of the Group in Appendix III to this circular. The Group complies with the applicable PRC regulations on social insurance.

In Hong Kong, the Group has set up a retirement scheme in accordance with the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. All Hong Kong based employees and the Group are required to contribute 5% of their respective monthly wages (up to a maximum contribution of HK$1,000 by each of the employee and the Group) on a monthly basis to the fund.

The Directors confirm that the Company has complied with all the relevant laws and regulations on employees benefit schemes.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 12 July 2006. A summary of the principal terms of the Share Option Scheme is set out under the sub-section headed "Share Option Scheme" in Appendix VIII to this circular.

REMUNERATION POLICY FOR DIRECTORS

Currently, the remuneration policy of the Company for Directors is to maintain fair and competitive packages under a formal and transparent procedure to attract and retain Directors.

The level of fees is mainly based on the Directors' experience, scope of duties and time committed to the Company, prevailing market rates, salaries paid by comparable companies and remuneration packages elsewhere in the Company and its subsidiaries.

The Company plans to review its remuneration policy for its Directors after completion of the Proposed Transactions. The aggregate remuneration currently estimated to be payable to the Directors for the year ending 31 December 2009 is approximately HK$1.0 million.

AUDIT COMMITTEE

The Company established its audit committee (the "**Audit Committee**") on 26 September 2005. Currently, the Audit Committee is chaired by Mr. Wong Chun Ho, who possesses professional accounting and financial qualifications. Its other members are Mr. Gao Zhengping and Mr. Shou Binan. All of the above three are independent non-executive Directors, and none of them is a former partner of the external auditor of the Group.

The functions of the Audit Committee are (1) the oversee the relationship with the external auditor, including: (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and addressing any questions of resignation or dismissal of such auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and (iii) developing and implementing policy on the engagement of the external auditor to supply non-audit services; (2) to monitor the integrity of financial statements and reports of the Group and to review significant financial reporting judgments contained therein; and (3) to review the effectiveness of the financial reporting and internal control systems of the Group.

REMUNERATION COMMITTEE

The Company established its remuneration committee (the "**Remuneration Committee**") on 26 September 2005. Currently, the Remuneration Committee is chaired by Mr. Jin Jianlong, an executive Director. Its other members are Mr. Gao Zhengping and Mr. Shou Binan, both independent non-executive Directors.

The functions of the Remuneration Committee are to establish and supervise a formal and transparent procedure for setting the remuneration policies of the Company, including determining and reviewing the remuneration packages of Directors and senior management.

NOMINATION COMMITTEE

The Company established its nomination committee (the "**Nomination Committee**") on 23 June 2006. Currently, the Nomination Committee is chaired by Mr. Jin Yongsheng, an executive Director. Its other members are Mr. Wong Chun Ho and Mr. Gao Zhengping, both independent non-executive Directors.

The functions of the Nomination Committee are to identify and recommend to the Board suitable candidates as Directors, to make recommendations to the Board on matters relating to the appointment and reappointment of and secession planning for Directors, and to assess the independence of independent non-executive Directors.

COMPLIANCE ADVISER

The Company has appointed China Merchants as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to advise the Company on the following matters in accordance with Rule 3A.23 of the Listing Rules:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(3) where business activities, developments or results of the Restructured Group deviate from any forecast, estimate, or other information in this circular; and

(4) where the Stock Exchange makes an inquiry of the Company of unusual movements in price or trading volume of its listed securities or any other matters, in accordance with Rule 13.10 of the Listing Rules.

The appointment will commence on the date of completion of the Proposed Transactions and will end on the day on which the Company sends its financial results as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the date of completion of the Proposed Transactions.

Management Presence

Rule 8.12 of the Listing Rules requires that an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong. Since most of its operations will be in China and in Europe, the Restructured Group will not, on completion of the Proposed Transactions or in the foreseeable future, have a management presence in Hong Kong. Currently, substantially all of the executive Directors reside in China. The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 8.12 of the Listing Rules.

The arrangements proposed by the Company for maintaining regular communications with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules are as follows:

1. The Company will have at least one independent non-executive Director who ordinarily resides in Hong Kong.

2. Mr. Jin Yongsheng (an executive Director who has been appointed as one of the authorised representatives of the Company), though not ordinarily resident in Hong Kong, has valid travel documents to travel to Hong Kong and will be able to meet with the Stock Exchange in Hong Kong in short notice. The other authorised representative of the Company, Mr. Cheong Siu Fai, is the company secretary and qualified accountant of the Company. He is ordinarily resident in Hong Kong.

3. The authorised representatives of the Company have the telephone and fax numbers and e-mail addresses of all the Directors and are able to contact all the Directors promptly at all times as and when the Stock Exchange wishes to contact them on any matter, and in the event that a Director expects to travel and be out of office, he will have to provide phone number of place of his accommodation or means of communication to the authorised representatives.

4. The authorised representatives of the Company will act as the principal channel of communication between the Company and the Stock Exchange. They will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time.

5. All the Directors (including the independent non-executive Directors) will be readily contactable by the Stock Exchange, all the Directors (including the independent non-executive Directors) who are not ordinary resident in Hong Kong possess valid travel documents to travel to Hong Kong and will be available to meet with the Stock Exchange in short notice.

6. The Restructured Group will retain a compliance adviser acceptable to the Stock Exchange pursuant to Rule 3A.19 of the Listing Rules, for the period commencing on the day of completion of the Proposed Transactions and ending on the day on which the Restructured Group complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the date of completion of the Proposed Transactions.

This section should be read in conjunction with the financial statements and accompanying notes of the Target Group China and the Holvrieka Group prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") for the financial years ended 31 December 2006, 2007 and 2008 set out in Appendices I and II to this circular.

Pursuant to the Reorganisation, the Holvrieka Group will be controlled by the CIMC Group through a chain of companies involving Target Co Europe, Coöperatie Vela Holding and Vela Holding. The CIMC Group acquired certain shares of Burg Industries B.V. on 26 June 2007 and has since then also become the ultimate holding company of Holvrieka Holding. Each of Target Co Europe, Coöperatie Vela Holding and Vela Holding was incorporated by CIMC HK and PGM in the British Virgin Islands on 8 August 2008, by Burg Industries and PGM in the Netherlands on 29 August 2008, and by Coöperatie Vela Holding in the Netherlands on 3 September 2008, respectively. Each of Target Co Europe, Coöperatie Vela Holding and Vela Holding was specifically incorporated for the purpose of the acquisition of the Holvrieka Group and serves principally as an investment holding entity of the CIMC Group only. None of them has engaged in any business operation since incorporation. Only the consolidated financial information of the Holvrieka Group during the Track Record Period has been set out and discussed in this circular. Shareholders and potential investors should therefore note that the financial position and results of each of Target Co Europe, Coöperatie Vela Holding and Vela Holding has not been reported on by the reporting accountants nor set out in this circular, and the exclusion of the financial position and results of these three entities will not distort Shareholders' review and consideration of the underlying target business: the Holvrieka Group.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Such risks and uncertainties include, without limitation, those discussed in the section headed "Risk Factors" of this circular.

OVERVIEW

Pursuant to the Proposed Transactions, the Company will, among other things, acquire from CIMC HK and CIMC Vehicle the entire issued share capital of Target Co China, being the holding company of the Target Group China, and acquire from CIMC HK and PGM the entire issued share capital of Target Co Europe, being the holding company of the Holvrieka Group. Upon completion of the Proposed Transactions, the companies comprising the Target Group China and the Holvrieka Group will become wholly-owned subsidiaries of the Company.

The Target Group, comprised of the Target Group China and the Holvrieka Group, is a well established international transportation, storage and processing equipment manufacturer and service provider. It is engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide range of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries. It is also a global leader in the manufacturing and sales of tank containers. The production bases of the Target Group are located in Nantong and Zhangjiagang in Jiangsu Province of China, in Emmen and Sneek in the Netherlands, Randers in Denmark, and Menen in Belgium.

The Target Group China is comprised of the Nantong Group and the Zhangjiagang Group. The Nantong Group is the largest manufacturer of tank containers in the world in terms of production volume in 2007, and the Zhangjiagang Group is a leading provider of cryogenic equipment in China. For the three years ended 31 December 2006, 2007 and 2008, the Target Group China's turnover was RMB1,787.3 million, RMB2,739.1 million and RMB3,315.2 million, respectively (equivalent to approximately HK$2,043.8 million, HK$3,132.2 million and HK$3,791.0 million, respectively), representing a CAGR of approximately 36.2% during the three years ended 31 December 2006, 2007 and 2008. Net profit for the same periods was RMB282.0 million, RMB327.2 million and RMB337.7 million, respectively (equivalent to approximately HK$322.5 million, HK$374.2 million and HK$386.2 million, respectively), representing a CAGR of approximately 9.4% during the three years ended 31 December 2006, 2007 and 2008.

The Holvrieka Group is a leading global provider of liquid food tanks. For the three years ended 31 December 2006, 2007 and 2008, the Holvrieka Group's turnover was approximately EURO 82.0 million, EURO 107.4 million and EURO 121.4 million, respectively (equivalent to approximately HK$831.7 million, HK$1,089.3 million and HK$1,231.3 million, respectively), representing a CAGR of approximately 21.7% during the three years ended 31 December 2006, 2007 and 2008. Net profit for the same periods was approximately EURO 1.8 million, EURO 7.9 million and EURO 9.6 million, respectively (equivalent to approximately HK$18.3 million, HK$80.1 million and HK$97.4 million, respectively), representing a CAGR of approximately 134.2% during the three years ended 31 December 2006, 2007 and 2008.

The Target Group's products and services can be broadly categorised into four main categories according to their applications: transportation equipment, storage equipment, processing equipment and project engineering. The Target Group China engages in all four categories, with substantially all of its turnover during the Track Record Period arising from manufacturing and sales of transportation equipment and storage equipment. The Holvrieka Group is primarily engaged in the manufacturing and sales of process and storage tanks, provision of repair services, sales of spare parts and project engineering. Turnover growth for the Holvrieka Group during the Track Record Period was primarily due to the increase in the number of on-site tank installations completed.

BASIS OF PRESENTATION

The Target Group China

Pursuant to the Reorganisation, on 16 April 2008, Win Score entered into equity transfer agreements with CIMC Tank Equipment and CIMC BVI respectively, to acquire a 62% and a 38% equity interest in Nantong CIMC from CIMC Tank Equipment and CIMC BVI, respectively. The equity transfers were approved by the relevant PRC authorities on 9 May 2008, and Nantong CIMC became a wholly-owned subsidiary of Win Score on the same date. Nantong CIMC is the sole operating subsidiary of the Nantong Group.

In December 2007, Charm Ray entered into equity transfer agreements with CIMC Vehicle Group, CIMC Vehicle and minority equity holders of Zhangjiagang CIMC to acquire a 72.05%, a 25% and a 2.95% equity interest in Zhangjiagang CIMC from CIMC Vehicle Group, CIMC Vehicle and minority equity holders of Zhangjiagang CIMC, respectively. The equity transfers were approved by the relevant PRC authorities in July 2008, and Zhangjiagang CIMC became a wholly-owned subsidiary of Charm Ray at the same time. Zhangjiagang CIMC is the sole operating subsidiary of the Zhangjiagang Group.

As Win Score and Charm Ray were indirectly owned by Target Co China, Target Co China became the holding company of the companies now comprising the Target Group China. CIMC, the ultimate equity holder of Target Co China, controlled the operations of the Nantong Group and the Zhangjiagang Group before the Reorganisation and continued to control the companies comprising the Target Group China (including the Nantong Group and the Zhangjiagang Group) after the Reorganisation.

The above-mentioned control of CIMC is not transitory, and, consequently, there was a continuation of the risks and benefits of the operations of the Nantong Group and the Zhangjiagang Group. As a result, the Reorganisation is considered as a business combination under common control, and the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institution of Certified Public Accountants applies to the Proposed Transactions.

The financial information of the Target Group China has been prepared using the merger basis of accounting as if the transfer of the entire equity interest in the subsidiaries now comprising the Target Group China to Target Co China had been completed as at the beginning of the Track Record Period. The net assets of the companies comprising the Target Group China are combined using the existing book values from the ultimate equity shareholders' perspective.

The Holvrieka Group

Holvrieka Holding was incorporated in the Netherlands on 16 July 1976 and is the holding company of the Holvrieka Group.

The statutory financial statements of Holvrieka Holding were prepared in accordance with Dutch Generally Accepted Accounting Principles issued by the Netherlands Accounting Standards Board, Danish Generally Accepted Accounting Principles issued by the Danish Accounting Standards Committee, or Belgian Generally Accepted Accounting Principles issued by the Belgian Accounting Standards Board, as the case may be. The financial information of the Holvrieka Group contained in Appendix II and elsewhere in this circular is based on such audited financial statements and has been prepared and restated by its directors to conform with HKFRS. For a discussion of the adjustments that were made to conform the financial information with HKFRS, please see Appendix II to this circular and Note 36 thereto.

Holvrieka de México, S.A. de C.V. and STEEL Inox S.A. have not been consolidated in the Holvrieka Group's consolidated financial statements for the three years ended 31 December 2006, 2007 and 2008 and have been accounted for using the equity method of accounting. The carrying value and fair value of these two entities have been recognised and valued at zero.

SIGNIFICANT ACCOUNTING POLICIES

In determining the carrying amounts of certain assets and liabilities, both the Target Group China and the Holvrieka Group make assumptions of the effects of uncertain future events on their assets and liabilities as at the relevant balance sheet dates. Estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to the assumptions and estimations of future events, judgments are also made during the process of applying their respective accounting policies.

THE TARGET GROUP CHINA

Revenue recognition

Provided it is probable that the economic benefits will flow to the Target Group China and the revenue and cost, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Sale of goods

Revenue is recognised when customers have accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Contract revenue

When the outcome of a construction contract can be estimated reliably:

— revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract cost incurred to date to estimated total contract cost for the contract; and

— revenue from a cost plus contract is recognised by reference to the recoverable cost incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that cost incurred to date bear to the estimated total cost of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract cost incurred that is probable to be recovered.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Target Group China will comply with the conditions attaching to them. Grants that compensate the Target Group China for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Target Group China for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Target Group China about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Target Group China is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

THE HOLVRIEKA GROUP

Revenue recognition

Provided it is probable that the economic benefits will flow to the Holvrieka Group and the revenue and cost, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Sale of goods

Revenue is recognised when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. The percentage of completion is initially calculated as the actual hours worked on the project divided by the total hours forecasted for the project.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that is likely to be recoverable.

Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividends

Dividend income from unlisted investments is recognised when the equity shareholder's right to receive payment is established.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Repair and maintenance

Repair and maintenance income is recognised when the related services are rendered.

Impairment of receivables

Other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Holvrieka Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

Trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Holvrieka Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using a first in, first out basis and comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

FINANCIAL INFORMATION OF THE TARGET GROUP CHINA

Factors affecting the operating results and financial conditions of the Target Group China

Growth in the energy, chemical and liquid food industries

As a manufacturer of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries, the Target Group China has benefited significantly from the growth in these industries. For the three years ended 31 December 2006, 2007 and 2008, turnover of the Target Group China increased at a CAGR of approximately 36.2%.

Cost of raw materials

Cost of raw materials constitutes a significant portion of the cost of sales of the Target Group China. The principal raw material of the Target Group China is steel. During the Track Record Period, cost of steel accounted for over 60% of the Target Group China's cost of raw materials. Prices of the raw materials of the Target Group China fluctuate, sometimes significantly, depending on market conditions. During the Track Record Period, the Target Group China experienced significant fluctuations in the cost of certain key raw materials used in its production, such as steel, and such fluctuations can have a significant impact on its gross profit margins. For the three years ended 31 December 2006, 2007 and 2008, the Target Group China's average purchase prices of stainless steel were approximately RMB31,237 (equivalent to approximately HK$35,720) per tonne, RMB44,476 (equivalent to approximately HK$50,859) per tonne and RMB36,271 (equivalent to approximately HK$41,476) per tonne, respectively, and its average purchase prices of carbon steel were RMB4,743 (equivalent to approximately HK$5,424) per tonne, RMB4,988 (equivalent to approximately HK$5,704) per tonne and RMB5,386 (equivalent to approximately HK$6,159) per tonne, respectively.

Tax

Both Nantong CIMC and Zhangjiagang CIMC enjoyed preferential enterprise income tax ("EIT") rates during the Track Record Period. Nantong CIMC and Zhangjiagang CIMC are required to pay EIT at the statutory rate of 25% starting from 2009 and 2011, respectively. The termination of these preferential EIT rates will have a negative impact on the operating results of the Target Group China, but the Directors believe that such impact will not be significant. Please refer to the paragraph headed "Income Tax" under this section for more details.

Foreign exchange rates

Over 70% of the turnover of the Target Group China was derived from its overseas sales during the Track Record Period. The overseas customers of the Target Group China settle their purchases in foreign currencies such as US dollars. The operating results of the Target Group China during the Track Record Period were therefore affected by the fluctuation in the exchange rates between RMB and the foreign currencies received from its overseas customers. As the Target Group China will continue to sell its products overseas, fluctuations in foreign exchange rates will continue to affect its results of operations.

Description of selected income statement line items

Turnover

Turnover mainly represents sales value of goods supplied to customers, net of applicable value added taxes, business taxes and related trade discounts.

For the three years ended 31 December 2006, 2007 and 2008, turnover of the Target Group China amounted to RMB1,787.3 million, RMB2,739.1 million and RMB3,315.2 million, respectively (equivalent to approximately HK$2,043.8 million, HK$3,132.2 million, and HK$3,791.0 million, respectively), representing a CAGR of approximately 36.2% during the three years ended 31 December 2006, 2007 and 2008. The increase in the turnover of the Target Group China during the Track Record Period was primarily attributable to (i) an increase in production capacity, and (ii) an increase in the sales of its products resulting from an increase in demand for transportation, storage and processing equipment which was driven by robust growth in the consumption of LNG and chemical products in China and overseas markets.

The table below sets out the amount and percentage of the total turnover of the Target Group China generated from each of its four main product segments for the three years ended 31 December 2006, 2007 and 2008:

	For the year ended 31 December					
	2006		2007		2008	
	Turnover	% of total	Turnover	% of total	Turnover	% of total
	(RMB in millions, except for percentages)					
Transportation equipment	1,463.0	81.8	2,333.6	85.2	2,728.6	82.3
Storage equipment	217.3	12.2	338.7	12.4	394.1	11.9
Processing equipment	0.4	0	3.1	0.1	20.1	0.6
Project engineering	106.6	6.0	63.7	2.3	172.2	5.2
TOTAL	1,787.3	100.0	2,739.1	100.0	3,315.2	100.0

The Target Group China derived its turnover primarily from its transportation and storage equipment businesses. During the Track Record Period, the Target Group China was also engaged in the processing equipment and project engineering businesses, but the revenues generated from these businesses were less significant compared with those generated from its transportation and storage equipment businesses.

Cost of sales

Cost of sales includes the cost of raw materials and consumables used, staff cost, and other direct and indirect cost of the Target Group China involved in generating turnover, such as direct production overheads (including depreciation of property, plant and equipment, utilities charges, and operating lease payments).

Gross profits

Gross profits represent turnover net of cost of sales. Gross profit margins are calculated using gross profits divided by turnover.

Gross profit margins of the Target Group China for the three years ended 31 December 2006, 2007 and 2008 were 21.9%, 18.2% and 18.1%, respectively. The Target Group China experienced significant fluctuations in the cost of certain key raw materials used in its production, such as steel, which had a significant impact on its gross profit margin for the year ended 31 December 2007. The gross profit margin of the Target Group China remained stable in the year ended 31 December 2008 which was primarily attributable to:

(i) the Target Group China enlarged its production scale and enhanced its economic efficiency, which to a certain extent offset the adverse effect brought about by the intensified market competition;

(ii) the Target Group China optimised its supply chain by maintaining good relationships with its suppliers and enlarging its supplier base, monitoring the price movements of key raw materials used in its production, and controlling the timing for purchasing raw materials according to its assessment of pricing trends. These measures enabled the Target Group China to minimise the adverse effect of the substantial increases in the prices of certain key raw materials during the Track Record Period; and

(iii) the continued effort of the Target Group China in developing high value-added products helped it maintain its gross profit margins at a relatively stable level.

The tables below set out the amount and percentage of the gross profits and gross profit margins of the Target Group China generated from each of its four main product segments for the three years ended 31 December 2006, 2007 and 2008:

	For the year ended 31 December					
	2006		2007		2008	
	Gross profit	% of total	Gross profit	% of total	Gross profit	% of total
	(RMB in millions, except for percentages)					
Gross profits						
Transportation equipment	349.4	89.2	449.4	90.3	535.3	89.0
Storage equipment	33.8	8.6	40.0	8.0	49.8	8.3
Processing equipment	0.0	0.0	0.2	0.0	4.6	0.8
Project engineering	8.6	2.2	8.4	1.7	11.6	1.9
TOTAL	391.8	100.0	498.0	100.0	601.3	100.0
Gross profit margins (%)						
Transportation equipment		23.9		19.3		19.6
Storage equipment		15.6		11.8		12.6
Processing equipment		0.0		5.9		23.1
Project engineering		8.1		13.2		6.7
AVERAGE		21.9		18.2		18.1

Transportation equipment

Gross profit margins for the transportation equipment business of the Target Group China for the three years ended 31 December 2006, 2007 and 2008 were approximately 23.9%, 19.3% and 19.6%, respectively.

In 2006, the production facilities of the Target Group China operated at close to full capacity. Moreover, new production facilities were put into operation, increasing the production capacity of the Target Group China in that year. Also, although prices of raw materials used in the Target Group China's production increased, such increase was offset by a higher rate of increase in selling prices of the products of the Target Group China in 2006. In 2007, the cost of stainless steel, a key raw material for the Target Group China's transportation equipment, increased substantially, resulting in an increase in the cost of sales of the Target Group China, which, in turn, caused a decrease in its gross profit margins. In 2008, the prices of raw materials decreased, but such decrease was offset in part by a lower rate of increase in the selling prices of the products of the Target Group China compared to the prior year. As a result, its gross profit margin in 2008 was maintained at approximately the same level as that of 2007.

Storage equipment

For the three years ended 31 December 2006, 2007 and 2008, the storage equipment business of the Target Group China achieved gross profit margins of approximately 15.6%, 11.8%, and 12.6%, respectively. As with the transportation equipment segment, the relatively high level of gross profit margins of the storage equipment segment in 2006 was primarily due to a high level of utilisation of its production facilities and an increase in production capacity. The decrease in the gross profit margins in 2007 was mainly caused by an increase in the prices of raw materials. In 2008, the prices of raw materials decreased, but such decrease was offset in part by a lower rate of increase in selling prices of the products of the Target Group China. As a result, its profit margin in 2008 was maintained at approximately the same level as that of 2007.

Processing equipment

The Target Group China entered the processing equipment business in 2006, and it incurred a loss in this business segment in that year. Gross profit margins for the Target Group China's processing business in 2007 and 2008 were approximately 5.9% and 23.1%, respectively. The slight loss suffered in 2006 and the low gross profit margins in 2007 were due to the fact that the processing business of the Target Group China was in its initial start-up stage. In 2008, selling prices of the processing equipment of the Target Group China increased as a result of the Target Group China's improved market recognition, resulting in higher gross profit margins during the period as compared to 2007.

Project engineering

Gross profit margins for the project engineering business of the Target Group China for the three years ended 31 December 2006, 2007 and 2008 were approximately 8.1%, 13.2% and 6.7%, respectively. The project engineering business is project-oriented, and the number of projects undertaken by the Target Group China as well as the profitability of the projects fluctuated during the Track Record Period. The Target Group China commenced its project engineering business in 2005. In 2006, it expanded this area of business and undertook a larger number of engineering projects. In 2007, the Target Group China's gross profit margins improved due to a number of projects with relatively higher than average profit margins. In 2008, such profitability remained at a similar level as that of 2006.

Other revenue

Other revenue primarily comprises government grants which represent technical incentives and subsidies given by the local PRC governments, interest income from bank deposits and non-trade amount due from related parties, sales of raw materials, scraps and accessories and revenue from repairing services.

Other operating expenses

Other operating expenses primarily comprise cost of raw materials, scraps and accessories and cost of providing repair services.

Selling expenses

Selling expenses primarily comprise advertising cost, salaries and benefits for sales personnel, transportation and delivery charges and related insurance premiums, commissions, provision for product warranties and royalties under technology licence agreements.

Administrative expenses

Administrative expenses primarily comprise salaries and benefits for administrative personnel, staff bonus, travelling and entertainment expenses, property taxes, stamp duties, amortisation of intangible assets, research and development cost, and impairment losses in trade debtors and bills receivables, deposit, other receivables and prepayments and inventories.

Finance cost

Finance cost primarily comprise interest on borrowings and payables, foreign exchange loss or gain and finance charges.

Income tax

EIT is chargeable on the Target Group China's subsidiaries in China. Before 1 January 2008, under the then applicable income tax rules and regulations of China, enterprises in China other than foreign invested enterprises ("FIEs") were subject to EIT at a statutory rate of 33%. FIEs were entitled to preferential tax treatments if they met the criteria set out below:

- FIEs established in economic and technological development zones that were engaged in manufacturing business were entitled to pay EIT at a reduced rate of 15%;

- FIEs established in coastal economic redevelopment zones that were engaged in the manufacturing business were entitled to pay EIT at a reduced rate of 24%; and

- FIEs that were engaged in manufacturing business with an operating term exceeding 10 years were entitled to full exemption from the applicable EIT for the first two years and a 50% reduction in the applicable EIT for the next three years commencing in the year when they started to make profits after offsetting deductible losses incurred in the previous years in accordance with the then applicable FIE tax laws, regulations and rules.

In accordance with the above rules and regulations, the Target Group China's subsidiaries in China were entitled to a preferential tax treatment of "two-year exemption and three-year reduction" starting from the year in which they made profits after the offset of deductible losses incurred in the previous years. The Target Group China's subsidiaries in China, Nantong CIMC and Zhangjiagang CIMC, commenced receiving such preferential tax treatment in 2004 and 2006, respectively.

The local statutory EIT rates and the preferential EIT rates enjoyed by Nantong CIMC and Zhangjiagang CIMC were as follows:

	For the year ended 31 December		
	2006	**2007**	**2008**
Local statutory EIT rate			
Nantong CIMC	24%	24%	25%
Zhangjiagang CIMC	24%	24%	25%
Preferential EIT rate			
Nantong CIMC	12%	12%	12.5%
Zhangjiagang CIMC	0%	0%	12.5%
Witholding tax rate on dividend distribution to foreign investors	—	—	5%

Under the new Enterprise Income Tax Law of the People's Republic of China which came into effect on 1 January 2008, the statutory EIT rate for all enterprises in China, including both domestic enterprises and FIEs, is 25%. According to the 國務院關於實施企業所得稅過渡優惠政策的通知 (國發[2007] 39號) (Notice for Transitional Preferential Tax Policies of Enterprise Income Tax (Guo Fa [2007] No. 39)) issued by the State Council, enterprises which were entitled to preferential tax treatments under the old tax laws, regulations and rules will be subject to the statutory tax rate of 25%, following the expiry of a five-year transition period starting from 1 January 2008. The tax rate for enterprises which are entitled to preferential tax rate of 15% will be 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for enterprises whose applicable tax rates were 24% and above or equal to 25% will be 25% starting from 2008.

Effective from 1 January 2008, enterprises which were previously entitled to tax holidays of "two-year exemption and three-year reduction" will continue to enjoy the tax holidays until their expiration. The reduced tax rate will be based on the applicable tax rate during the transition period. After the expiration of the tax holidays, the statutory tax rate would apply. Accordingly, the EIT rate applicable to Nantong CIMC for 2008 is 12.5%. Starting from 2009, Nantong CIMC shall pay EIT at the statutory rate of 25%. The EIT rate applicable to Zhangjiagang CIMC for 2008, 2009 and 2010 will be 12.5%, and Zhangjiagang CIMC shall pay EIT at the statutory rate of 25% starting from 2011.

The effective income tax rate of the Target Group China for the three years ended 31 December 2006, 2007 and 2008 were 8.4%, 9.4% and 13.4%, respectively. Effective income tax rate is computed using income tax expense for the period divided by profit before taxation. During the Track Record Period, the effective income tax rates of Nantong CIMC and Zhangjiagang CIMC fluctuated as a result of the different tax treatments enjoyed by them under the relevant PRC tax laws and regulations as mentioned above. The preferential tax treatments enjoyed by Nantong CIMC and Zhangjiagang CIMC enabled the Target Group China to reduce its income tax liabilities. For example, in 2008, income tax of the Target Group China was RMB52.5 million (equivalent to approximately HK$60.0 million), representing an increase of approximately 54.0% compared with the income tax of RMB34.1 million (equivalent to approximately HK$39.0 million) in 2007. Such increase was not in proportion to the increase in the turnover of the Target Group China in 2008 as compared with 2007, which was approximately 21.0%, primarily due to the fact that Zhangjiagang CIMC was exempted from payment of income tax in 2006 and 2007, but subjected to income tax at the rate of 12.5% in 2008. The amounts of income tax paid by the Target Group China during the Track Record Period had direct impact on its financial performance.

Review of historical operating results

The following table sets out the combined income statements of the Target Group China as extracted from the accountants' report of the Target Group China which is set out in Appendix I to this circular.

	For the year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Turnover	1,787,281	2,739,069	3,315,167
Cost of sales	(1,395,515)	(2,241,124)	(2,713,828)
Gross profit	391,766	497,945	601,339
Change in fair value of derivative financial instruments	—	10,255	(24,019)
Other revenue	61,562	109,987	163,304
Other operating expenses	(13,897)	(48,014)	(85,444)
Other net expenses	(206)	(267)	(923)
Selling expenses	(67,837)	(99,618)	(108,785)
Administrative expenses	(43,359)	(65,504)	(116,608)
Profit from operations	328,029	404,784	428,864
Finance costs	(20,291)	(43,464)	(38,717)
Profit before taxation	307,738	361,320	390,147
Income tax	(25,760)	(34,138)	(52,470)
Profit for the year	281,978	327,182	337,677
Attributable to:			
Equity shareholders of Target Co China	280,827	326,915	337,385
Minority interests	1,151	267	292
Profit for the year	281,978	327,182	337,677
Dividends payable to equity shareholders of Target Co China attributable to the year:			
Final dividend proposed after the balance sheet date	274,747	—	—
Earnings per share			
— Basic (RMB)	28,083	32,692	33,739
— Diluted (RMB)	N/A	N/A	N/A

Year ended 31 December 2008 compared with year ended 31 December 2007

Turnover

Turnover of the Target Group China increased by approximately 21.0% from approximately RMB2,739.1 million (equivalent to approximately HK$3,132.2 million) in 2007 to approximately RMB3,315.2 million (equivalent to approximately HK$3,791.0 million) in 2008. The increase in turnover was primarily due to a substantial increase in sales volume of transportation and storage equipment of the Target Group China.

The transportation equipment business of the Target Group China accounted for approximately 82.3% of its total turnover in 2008. Revenue derived from sales of transportation equipment in 2008 increased by approximately 16.9% to approximately RMB2,728.6 million (equivalent to approximately HK$3,120.2 million) from approximately RMB2,333.6 million (equivalent to approximately HK$2,668.5 million) in 2007. The increase was due to a significant increase in sales volume during the first three quarters of the year as a result of the Target Group China's increasingly wide market recognition and its ability to remain competitive in a market with intensified competition. The increase was partially offset by a decrease in sales volume in the fourth quarter as a result of an overall decrease in demand for products due to the worldwide economic slowdown.

The storage equipment business is the second largest business segment of the Target Group China after the transportation equipment business. Turnover derived from sales of storage equipment increased by approximately 16.4% from approximately RMB338.7 million (equivalent to approximately HK$387.3 million) in 2007 to approximately RMB394.1 million (equivalent to approximately HK$450.7 million) in 2008. Such increase was primarily attributable to an increase in the volume of sales resulting from robust growth in the demand for storage equipment.

Revenue for the processing equipment business of the Target Group China increased significantly from approximately RMB3.1 million (equivalent to approximately HK$3.5 million) in 2007 to approximately RMB20.1 million (equivalent to approximately HK$23.0 million) in 2008. Such increase was attributable to increased selling prices and sales volume as a result of the Target Group China's increasing market recognition.

Revenue for the project engineering business of the Target Group China increased significantly from approximately RMB63.7 million (equivalent to approximately HK$72.8 million) in 2007 to approximately RMB172.2 million (equivalent to approximately HK$196.9 million) in 2008. In 2008, a large number of natural gas fields commenced construction, resulting in a substantial increase in the number of natural gas engineering projects. The significant increase in the revenue of the Target Group China during 2008 was attributable to an increase in the number of projects undertaken by the Target Group China.

Cost of sales

Cost of sales increased by approximately 21.1% from approximately RMB2,241.1 million (equivalent to approximately HK$2,562.7 million) in 2007 to approximately RMB2,713.8 million (equivalent to approximately HK$3,103.3 million) in 2008, primarily as a result of an increase in sales volume of the products of the Target Group China.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 20.8% from approximately RMB497.9 million (equivalent to approximately HK$569.4 million) in 2007 to approximately RMB601.3 million (equivalent to approximately HK$687.6 million) in 2008.

Other revenue

The Target Group China generated other revenue of approximately RMB163.3 million (equivalent to approximately HK$186.7 million) in 2008, representing an increase of approximately 48.5% from other revenue of approximately RMB110.0 million (equivalent to approximately HK$125.8 million) in 2007. The increase was primarily due to an increase in interest income from bank deposits and non-trade amount due from related parties, sales of raw materials, scraps and accessories, and revenue from repair services. In 2008, the Target Group China had other revenue from cash deposits at banks and non-trade amount due from related parties of approximately RMB15.0 million (equivalent to approximately HK$17.2 million) due to a large amount of cash deposits at banks which enabled it to derive an increased amount of interest income, compared to other revenue from cash deposits at banks and non-trade amount due from related parties of approximately RMB4.5 million (equivalent to approximately HK$5.1 million) in 2007. Moreover, the increase in the Target Group's overall product sales volumes drove an increase in the sales of raw materials, scraps and accessories.

Other operating expenses

Other operating expenses increased significantly from approximately RMB48.0 million (equivalent to approximately HK$54.9 million) in 2007 to approximately RMB85.4 million (equivalent to approximately HK$97.7 million) in 2008. The increase was primarily due to a significant increase in cost of raw materials, scraps and accessories and cost of providing repair services in 2008. Cost of raw materials, scraps and accessories increased to approximately RMB61.1 million (equivalent to approximately HK$69.9 million) from approximately RMB34.7 million (equivalent to approximately HK$39.7 million) in 2007. Cost of providing repair services also increased in 2008 due to an increase in the sales volume of the Target Group China's products.

Selling expenses

Selling expenses increased by approximately 9.2% from approximately RMB99.6 million (equivalent to approximately HK$113.9 million) in 2007 to approximately RMB108.8 million (equivalent to approximately HK$124.4 million) in 2008. Such increase resulted primarily from an increase in royalties paid to other parties due to an increase in product sales, and an increase in provision for product warranties made by the Target Group China in light of the increase in the sales volume of its products.

Administrative expenses

Administrative expenses increased from approximately RMB65.5 million (equivalent to approximately HK$74.9 million) in 2007 to approximately RMB116.6 million (equivalent to approximately HK$133.3 million) in 2008, representing an increase of approximately 78.0%, primarily due to impairment losses in inventories in the amount of approximately RMB47.6 million (equivalent to approximately HK$54.4 million).

Finance cost

Finance cost decreased by 11.0% to approximately RMB38.7 million (equivalent to approximately HK$44.3 million) in 2008 from approximately RMB43.5 million (equivalent to approximately HK$49.7 million) in 2007, primarily due to foreign exchange gains, which was offset in part due to increases in interest on borrowing and payables resulting from an increase in the interest rates from bank loans.

Income tax

Income tax accrued by the Target Group China in 2008 was approximately RMB52.5 million (equivalent to approximately HK$60.0 million), representing an increase of approximately 54.0% compared with approximately RMB34.1 million (equivalent to approximately HK$39.0 million) paid in 2007. This was primarily attributable to the increase in taxable profits of the Target Group China from approximately RMB361.3 million (equivalent to approximately HK$413.2 million) in 2007 to approximately RMB390.1 million (equivalent to approximately HK$446.1 million) in 2008 and provisions made for the withholding tax payable on dividends to foreign investors. The increase was also due to the fact that Zhangjiagang CIMC was exempted from income tax in 2006 and 2007, but subject to income tax at the rate of 12.5% in 2008.

Profit attributable to equity holders

As a result of the foregoing, profit attributable to equity holders of the Target Group China was approximately RMB337.4 million (equivalent to approximately HK$385.8 million) in 2008, representing an increase of approximately 3.2% compared with approximately RMB326.9 million (equivalent to approximately HK$373.8 million) in 2007.

Year ended 31 December 2007 compared with year ended 31 December 2006

Turnover

Turnover of the Target Group China increased by approximately 53.3% from approximately RMB1,787.3 million (equivalent to approximately HK$2,043.8 million) in 2006 to approximately RMB2,739.1 million (equivalent to approximately HK$3,132.2 million) in 2007. The increase in turnover was primarily due to (i) an increase in sales volume resulting from increased production capacity; and (ii) an increase in sales volume and the selling prices resulting from the increased demand for the products of the Target Group China.

Turnover derived from sales of transportation equipment increased by approximately 59.5% from approximately RMB1,463.1 million (equivalent to approximately HK$1,673.1 million) in 2006 to approximately RMB2,333.6 million (equivalent to approximately HK$2,668.5 million) in 2007, primarily due to an increase in sales volume driven by robust market demand for transportation equipment and the increased production capacity of the Target Group China. Moreover, an increase in the selling prices of the transportation equipment of the Target Group China also contributed to such revenue increase.

Turnover derived from sales of storage equipment increased by approximately 55.9% from approximately RMB217.3 million (equivalent to approximately HK$248.5 million) in 2006 to approximately RMB338.7 million (equivalent to approximately HK$387.3 million) in 2007. Such increase was primarily attributable to robust demand for storage equipment and a resultant increase in sales volume and selling prices.

There was a significant increase in revenue attributable to the Target Group China's processing equipment business in 2007 compared with 2006. In 2006 and 2007, revenue derived from sales of processing equipment amounted to approximately RMB0.4 million and approximately RMB3.1 million, respectively (equivalent to approximately HK$0.5 million and HK$3.5 million, respectively). The increase was due to the fact that the processing equipment business of the Target Group China was in an initial start-up stage in 2006, whilst in 2007, the Target Group China invested more resources in the development of this business, resulting in an increase in sales volume.

Turnover for the Target Group China's project engineering business was approximately RMB63.7 million (equivalent to approximately HK$72.8 million) in 2007, representing a decrease of approximately 40.2% compared with revenue of approximately RMB106.6 million (equivalent to approximately HK$121.9 million) in 2006. This was primarily due to the fact that the project engineering business of the Target Group China was project-oriented, and in 2007, demand for gas fields decreased, resulting in a decrease in the number of gas field projects.

Cost of sales

Cost of sales increased by approximately 60.6% from approximately RMB1,395.5 million (equivalent to approximately HK$1,595.8 million) in 2006 to approximately RMB2,241.1 million (equivalent to approximately HK$2,562.7 million) in 2007, primarily as a result of an increase in sales volume and an increase in the prices of key raw materials such as stainless steel. In 2007, the average purchase price of stainless steel and carbon steel sourced by the Target Group China increased by approximately 42.4% and 5.2%, respectively, compared with 2006.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 27.1% from approximately RMB391.8 million (equivalent to approximately HK$448.0 million) in 2006 to approximately RMB497.9 million (equivalent to approximately HK$569.4 million) in 2007.

Other revenue

Other revenue generated by the Target Group China in 2007 amounted to approximately RMB110.0 million (equivalent to approximately HK$125.8 million), representing an increase of approximately 78.6% compared with other revenue of approximately RMB61.6 million (equivalent to approximately HK$70.4 million) in 2006. The increase was primarily due to an increase in sales of raw materials, scraps and accessories, and revenue from repair services. Its sales of raw materials, scraps and accessories also increased significantly due to the substantial increase in raw material prices in 2007.

Other operating expenses

Other operating expenses increased significantly from approximately RMB13.9 million (equivalent to approximately HK$15.9 million) in 2006 to approximately RMB48.0 million (equivalent to approximately HK$54.9 million) in 2007. The increase was primarily due to an increase in cost of raw materials, scraps and accessories and cost of providing repairing service which, in turn, resulted from the substantial increase in raw material prices and the increase in the product sales volume of the Target Group China during the period.

Selling expenses

Selling expenses increased by approximately 46.9% from approximately RMB67.8 million (equivalent to approximately HK$77.5 million) in 2006 to approximately RMB99.6 million (equivalent to approximately HK$113.9 million) in 2007. Such increase primarily resulted from a substantial increase in the increase in royalties and, to a lesser extent, an increases in the provision for product warranties resulting from the increase in sales volume, an increase in commission paid to other parties, and an increase in insurance premium paid in 2007.

Administrative expenses

Administrative expenses increased from approximately RMB43.4 million (equivalent to approximately HK$49.6 million) in 2006 to approximately RMB65.5 million (equivalent to approximately HK$74.9 million) in 2007, representing an increase of approximately 50.9%, primarily due to a substantial increase in the land use tax and impairment losses in trade debtors and bills receivables, deposit, other receivables and prepayments. In 2006, as FIEs, Nantong CIMC and Zhangjiagang CIMC, being the principal operating subsidiaries of the Target Group China, were exempted from payment of land use tax. They were required to pay such tax under the relevant PRC regulations starting from 1 January 2007, resulting in the increase in the land use tax paid by the Target Group China in 2007.

Finance cost

Finance cost increased significantly from approximately RMB20.3 million (equivalent to approximately HK$23.2 million) in 2006 to approximately RMB43.5 million (equivalent to approximately HK$49.7 million) in 2007. Such increase was primarily due to an increase in interest on borrowings and payables, partially offset by foreign exchange gain. The increase in interest on borrowing was due to the fact that in 2007, the Target Group China maintained a high level of inventory in order to address high raw material prices, and borrowed a large amount of bank loans to meet its increased financing needs resulting from its high inventory level.

Income tax

Income tax in 2007 was approximately RMB34.1 million (equivalent to approximately HK$39.0 million), representing an increase of approximately 32.2% compared with approximately RMB25.8 million (equivalent to approximately HK$29.5 million) in 2006. This was attributable to an increase in taxable profits of the Target Group China from approximately RMB307.7 million (equivalent to approximately HK$351.9 million) in 2006 to approximately RMB361.3 million (equivalent to approximately HK$413.2 million) in 2007.

Profit attributable to equity holders

As a result of the foregoing, profit attributable to equity holders of Target Co China was approximately RMB326.9 million (equivalent to approximately HK$373.8 million) in 2007, representing an increase of approximately 16.4% compared with approximately RMB280.8 million (equivalent to approximately HK$321.1 million) in 2006.

Liquidity and capital resources

During the Track Record Period, the Target Group China funded its operations primarily by cash generated from its operations, short-term bank borrowings and advances from related parties. Assuming successful completion of the Proposed Transactions, the Target Group China expects to fund its operations with cash generated from its operations and through short-term bank borrowings for the foreseeable future. As at 31 December 2008, the Target Group China's cash and cash equivalents were approximately RMB30.1 million (equivalent to approximately HK$34.4 million). As at the same date, the Target Group China also had access to unutilised credit facilities of approximately RMB808.7 million (equivalent to approximately HK$924.8 million).

The Directors are of the opinion that the Target Group China has adequate financial resources which are sufficient for it to carry on its operations.

Cash flow data

The following table sets out selected cash flow data from the Target Group China's combined cash flow statements for the periods indicated.

	For the year ended 31 December		
	2006	**2007**	**2008**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Net cash generated from operating activities	73,917	158,743	469,501
Net cash used in investing activities	(66,452)	(112,856)	(129,183)
Net cash used in financing activities	(15,581)	(43,406)	(322,575)
Cash and cash equivalents at beginning of the year	14,118	4,869	8,721
Effect of foreign exchange rate changes	(1,133)	1,371	3,642
Cash and cash equivalents at end of the year	4,869	8,721	30,106

Net cash generated from operating activities

The Target Group China derived its cash inflow from operating activities principally from sales of the Target Group China's products. Its cash outflow from operations is principally for purchases of raw materials as well as staff cost, income tax payments and interest payments.

The Target Group China's cash flows from operating activities reported for a given period depend to a large extent upon the timing and progress of its outstanding sales orders. For sales to certain customers of the Target Group China, as a condition to accepting orders, the Target Group China generally requires its customers to pay a certain percentage of the contract price as a prepayment within ten days after the signing of the relevant sale and purchase contract in order to finance the necessary raw material purchases to the extent possible. The prepayments and gross amount due under the relevant contract are recorded under deposits, other receivables and prepayments. Near the time of acceptance of an order, the Target Group China will typically arrange to purchase the necessary raw materials in sufficient amounts to enable it to fulfill the relevant order. As a result, shortly after an order is accepted, the Target Group China typically incurs an increase in deposits, other receivables and prepayments and a corresponding increase in trade payables relating to such accepted order.

In addition to the operating cash flow fluctuations described above, the Target Group China experienced an overall increase in turnover during the Track Record Period.

In 2008, the net cash inflow generated from operating activities of the Target Group China was approximately RMB469.5 million (equivalent to approximately HK$536.9 million). Such net cash inflow was primarily a result of (i) operating profit before changes in working capital in the amount of approximately RMB464.2 million (equivalent to approximately HK$530.8 million), (ii) a decrease in trade debtors and bills receivable in the amount of approximately RMB186.3 million (equivalent to approximately HK$213.0 million), and (iii) a decrease in deposits, other receivables and prepayments in the amount of approximately RMB46.1 million (equivalent to approximately HK$52.7 million), which was partially offset by (i) a decrease in amounts due to related parties in the amount of approximately RMB135.6 million (equivalent to approximately HK$155.1 million), and (ii) an increase in inventories in the amount of RMB31.4 million (equivalent to approximately HK$35.9 million).

In 2007, the net cash inflow generated from operating activities of the Target Group China was approximately RMB158.7 million (equivalent to approximately HK$181.5 million). Such net cash inflow was primarily a result of (i) operating profit before changes in working capital in the amount of approximately RMB411.7 million (equivalent to approximately HK$470.8 million), and (ii) an increase in amounts due to related parties in the amount of approximately RMB383.1 million (equivalent to approximately HK$438.1 million), which was partially offset by (i) an increase in trade debtors and bills receivables in the amount of approximately RMB392.7 million (equivalent to approximately HK$449.1 million), (ii) an increase in inventories in the amount of approximately RMB285.4 million (equivalent to approximately HK$326.4 million), and (iii) an increase in deposits, other receivables and prepayment in the amount of approximately RMB96.4 million (equivalent to approximately HK$110.2 million).

In 2006, the net cash inflow generated from operating activities of the Target Group China was approximately RMB73.9 million (equivalent to approximately HK$84.5 million). Such net cash inflow was primarily a result of (i) operating profit before changes in working capital in the amount of RMB338.0 million (equivalent to approximately HK$386.5 million), and (ii) an increase in trade creditors and bills payable in the amount of approximately RMB117.8 million (equivalent to approximately HK$134.7 million), which was partially offset by (i) an increase in inventories in the amount of approximately RMB199.5 million (equivalent to approximately HK$228.1 million), (ii) an increase in amounts due from related parties in the amount of approximately RMB70.1 million (equivalent to approximately HK$80.2 million), and (iii) an increase in deposits, other receivables and prepayments in the amount of RMB43.4 million (equivalent to approximately HK$49.6 million).

Net cash used in investing activities

The cash inflow of the Target Group China generated from investing activities comprises proceeds from disposals of property, plant and equipment as well as interest received. The cash outflow of the Target Group China from investing activities comprises purchases of property, plant and equipment, construction in progress and lease prepayments.

In 2008, the net cash outflow in investing activities of the Target Group China was approximately RMB129.2 million (equivalent to approximately HK$147.7 million), which was primarily due to purchases of property, plant and equipment, construction in progress and lease prepayments in the amount of approximately RMB145.1 million (equivalent to approximately HK$165.9 million), partially offset by approximately RMB15.0 million (equivalent to approximately HK$17.2 million) of interest received.

In 2007, the net cash outflow of the Target Group China was approximately RMB112.9 million (equivalent to approximately HK$129.1 million), which was primarily due to purchases of property, plant and equipment, construction in progress and lease prepayments in the amount of approximately RMB121.0 million (equivalent to approximately HK$138.4 million), partially offset by approximately RMB4.5 million (equivalent to approximately HK$5.1 million) of interest received.

In 2006, the net cash outflow of the Target Group China was approximately RMB66.5 million (equivalent to approximately HK$76.0 million), which was primarily due to purchases of property, plant and equipment, construction in progress and lease prepayments in the amount of approximately RMB72.8 million (equivalent to approximately HK$83.2 million), partially offset by approximately RMB3.4 million (equivalent to approximately HK$3.9 million) of interest received.

Net cash used in financing activities

The cash inflow of the Target Group China from financing activities comprises proceeds from additional investor contributions and proceeds from new bank loans. The cash outflow of the Target Group China from financing activities comprises repayments of bank loans, interest paid and dividends paid to investors.

In 2008, net cash outflow from financing activities of the Target Group China amounted to approximately RMB322.6 million (equivalent to approximately HK$368.9 million), as a result of the repayment of bank loans in the amount of approximately RMB1,399.3 million (equivalent to approximately HK$1,600.1 million), interest paid in the amount of approximately RMB71.3 million (equivalent to approximately HK$81.5 million) and dividends paid to investors in the amount of RMB35.4 million (equivalent to approximately HK$40.5 million), which was offset in part by the proceeds from new bank loans in the amount of approximately RMB1,183.4 million (equivalent to approximately HK$1,353.2 million).

In 2007, net cash outflow from financing activities of the Target Group China was approximately RMB43.4 million (equivalent to approximately HK$49.6 million), primarily due to the repayment of bank loans in the amount of approximately RMB943.2 million (equivalent to approximately HK$1,078.6 million) and dividends paid to investor of approximately RMB328.6 million (equivalent to approximately HK$375.8 million), which was offset in part by the proceeds from new bank loans in the amount of approximately RMB1,190.0 million (equivalent to approximately HK$1,360.8 million) and proceeds from additional investor contributions in the amount of approximately RMB79.7 million (equivalent to approximately HK$91.1 million).

In 2006, net cash outflow from financing activities of the Target Group China was approximately RMB15.6 million (equivalent to approximately HK$17.8 million), due to the repayment of bank loans in the amount of approximately RMB30.6 million (equivalent to approximately HK$35.0 million), interest paid in the amount of approximately RMB13.4 million (equivalent to approximately HK$15.3 million) and dividends paid to investors in the amount of approximately RMB23.9 million (equivalent to approximately HK$27.3 million), which was offset in part by the proceeds from additional investor contributions in the amount of approximately RMB39.1 million (equivalent to approximately HK$44.7 million) and proceeds from new bank loans in the amount of approximately RMB13.2 million (equivalent to approximately HK$15.1 million).

Key financial ratios

	For the year ended 31 December		
	2006	**2007**	**2008**
Inventory turnover (days)[1]	121	118	101
Trade debtors and bill receivable turnover (days)[2]	77	100	61
Trade creditors and bill payables turnover (days)[3]	61	42	36
Current ratio (times)[4]	1.3x	1.2x	1.5x
Gearing ratio (times)[5]	0.2x	1.1x	0.4x

Notes:

1. Inventory turnover is based on the closing balance of inventories divided by cost of sales and multiplied by 365 days for the Track Record Period.

2. Trade debtors and bill receivable turnover is based on the closing balance of trade debtors and bill receivables divided by turnover and multiplied by 365 days for the Track Record Period.

3. Trade creditors and bill payables turnover is based on the closing balance of trade creditors and bills payables divided by cost of sales and multiplied by 365 days for the Track Record Period.

4. Current ratio is based on year-end current assets divided by year-end current liabilities.

5. Gearing ratio is based on year-end total interest bearing loan, bank loans and overdrafts plus non-trade amounts due to related parties net of non-trade amounts due from related parties divided by year-end total shareholders' equity.

Inventory turnover

The Target Group China's inventory turnover is primarily influenced by volatility in stainless steel prices and related fluctuations in purchase lead times. In order to manage its raw material supply, the Target Group China will from time to time increase its stockpile of stainless steel in anticipation of any expected increase in purchase lead times in future periods or in order to take advantage of lower stainless steel prices in a rising price environment. In addition, the inventory turnover of the Target Group China is also influenced by the number of LNG engineering projects undertaken by the Target Group China. LNG engineering projects generally require a longer time to complete compared with the production cycle of the Target Group China's other products.

The Target Group China's inventory turnover period was generally long primarily due to the long production cycle of its products. Such turnover period was the longest in 2006, primarily a result of the large number of LNG engineering projects undertaken by the Target Group China in that year. In 2006, the Target Group China substantially increased its inventory level in anticipation of the large number of LNG engineering projects undertaken by it in that year. In addition, new production facilities of the Target Group China commenced operation in 2006. To prepare itself for the resultant increase in its production capacity, the Target Group China purchased a large amount of raw materials in 2006. In 2007, the inventory turnover period of the Target Group China remained stable. In that year, the Target Group China undertook a smaller number of LNG engineering projects than in 2006, but this was offset by a large volume of raw materials purchased due to an increase in sales volume. The inventory turnover period of the Target Group China decreased in 2008, primarily due to an increase in the scale of sales which resulted in improved efficiency in its logistics.

As at 31 December 2008, the inventory maintained by the Target Group China was approximately RMB748.0 million (equivalent to approximately HK$855.3 million). As at 31 March 2009, approximately RMB238.3 million (equivalent to approximately HK$272.5 million) of such inventory had been used/sold.

Trade debtors and bill receivable turnover

The Target Group China's trade debtors and bill receivable turnover is primarily influenced by the payment terms under its sales contracts, including prepayment terms.

The turnover period for trade debtors and bill receivables of the Target Group China was maintained at a relatively stable level in 2006 and 2008, except that in 2007, the turnover period for trade debtors and bill receivables of the Target Group China was relatively long, primarily due to the fact that sales of the Target Group China increased in the fourth quarter of 2007.

As at 31 December 2008, the Target Group China's trade debtors and bill receivables was approximately RMB555.4 million (equivalent to approximately HK$635.1 million). As at 31 March 2009, approximately RMB385.9 million (equivalent to approximately HK$441.3 million) of such trade debtors and bill receivables had been settled.

The Directors are of the view that the recoverability of the Target Group China's outstanding trade receivables are in line with payment terms of the invoiced sales.

As at 31 December 2008, the Target Group China's advance to suppliers was approximately RMB39.4 million (equivalent to approximately HK$45.1 million). As at 31 March 2009, approximately RMB24.8 million (equivalent to approximately HK$28.4 million) of such advances to suppliers had been recognised as purchase.

Trade creditors and bill payable turnover

The Target Group China's trade creditors and bill payable turnover is primarily influenced by the payment terms under its purchase contracts. The Target Group China generally settles its purchases within a short period of time if it is able to negotiate better purchase prices as a result.

The Target Group China's turnover period for its trade creditors and bill payables decreased over the Track Record Period, this was due to the fact that in 2007 and 2008, a number of suppliers of the Target Group China changed the payment terms from one month upon receipt of the raw materials to payment in full of the contract prices prior to taking delivery of the raw materials, resulting in a shorter period of the turnover for trade creditors and bills payables of the Target Group China in comparison to 2006.

As at 31 December 2008, the trade creditors and bill payables of the Target Group China was approximately RMB269.6 million (equivalent to approximately HK$308.3 million). As at 31 March 2009, approximately RMB179.8 million (equivalent to approximately HK$205.6 million) of such trade creditors and bill payables had been settled.

As at 31 December 2008, the Target Group China's advance from customers was approximately RMB118.6 million (equivalent to approximately HK$135.6 million). As at 31 March 2009, approximately RMB57.2 million (equivalent to approximately HK$65.4 million) of such advance from customers had been recognised as sales.

The Target Group China's current ratio remain relatively stable during the Track Record Period. The Target Group China's gearing ratio remain relatively stable during the Track Record Period except that in 2007, the gearing ratio increased significantly when compared to 2006 as a result of the large amount of short-term bank loans in 2007.

Capital expenditures

The following table sets out the Target Group China's capital expenditures during the Track Record Period. These capital expenditures were funded primarily out of cash flows generated from operations and short-term bank borrowings.

	For the year ended 31 December		
	2006	**2007**	**2008**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Plant and buildings	9,002	8,508	—
Machinery	14,269	23,666	4,687
Motor vehicles	2,639	655	1,288
Office equipment	14,382	2,840	4,576
Construction in progress	43,301	71,366	129,493
Lease prepayments	—	10,764	—
Intangible assets	1,086	3,558	2,083
Total	84,679	121,357	142,127

Throughout the Track Record Period, the largest portion of the Target Group China's capital expenditures was in relation to construction in progress, accounting for approximately 51.1%, 58.8% and 91.1% of the total capital expenditure for 2006, 2007 and 2008, respectively.

The Target Group China will consider relevant factors, including market conditions and its financial performance, in order to decide how to proceed with its future capital expenditures. The ability to obtain additional funding required for increased capital expenditures in the future is subject to a variety of uncertainties including the future results of operations, financial condition and cash flows, and economic, political and other conditions in China and internationally.

It is expected that the Target Group China's principal source of funding will be cash from operating activities, which will be sufficient for the payment of expected capital expenditures in the next 12 months from the date of this circular.

Net current assets

The Target Group China had net current assets of approximately RMB247.4 million, RMB274.4 million and RMB473.1 million as at 31 December 2006, 2007 and 2008, respectively (equivalent to HK$282.9 million, HK$313.8 million and HK$541.0 million, respectively). As at 31 March 2009, the Target Group China had net current assets of approximately RMB469.4 million (equivalent to approximately HK$536.8 million).

The Target Group China had net assets of approximately RMB988.0 million (equivalent to approximately HK$1,129.8 million) as at 31 December 2008.

The following table shows the breakdown of the Target Group China's current assets and current liabilities as at 31 March 2009:

	(RMB'000)
Current assets	
Inventories	622,129
Trade debtors and bills receivables	346,890
Deposits, other receivables and prepayments	92,161
Amounts due from related parties	52,263
Cash at bank and in hand	216,774
Current liabilities	
Bank loans	500
Trade creditors and bills payable	184,821
Other payables and accrued expenses	181,426
Income tax payable	22,226
Amount due to related parties	435,992
Provisions	25,942
Derivative financial instruments	9,873
Net current assets	469,437

Indebtedness

Borrowings

The following table shows the Target Group China's bank borrowings from banks and other financial institutions as at 31 December 2006, 2007 and 2008, respectively.

	As at 31 December		
	2006	2007	2008
	(RMB'000)	(RMB'000)	(RMB'000)
Short-term bank loans - unsecured	—	—	—
Short-term bank loans - secured	—	238,066	9,940
Total borrowings	—	238,066	9,940

The Target Group China had no long-term bank loans as at 31 December 2006, 2007 and 2008. All the bank loans of the Target Group China are short-term bank loans which mature within one year. The Target Group China had not delayed or defaulted in any repayment of bank borrowings during the Track Record Period.

As at 31 December 2008, bank loans of approximately RMB9.9 million (equivalent to approximately HK$11.3 million) were secured by discounted bills. As at 31 December 2007, bank loans of approximately RMB5.5 million (equivalent to approximately HK$6.3 million) of the Target Group China were secured by discounted bills, and approximately RMB232.5 million (equivalent to approximately HK$265.9 million) were guaranteed by the CIMC Group. The guarantees provided by the CIMC Group will be released upon completion of the Proposed Transactions. The annual rate of interest charged on the bank loans ranged from 5.47% to 6.04% and 4.10% to 6.57% for the two years ended 31 December 2007 and 2008, respectively.

Amounts due to related parties which are of a non-trade nature will be fully settled before completion of the Proposed Transactions. Amounts due to related parties which are of a trade nature will be settled according to the terms stated in the relevant purchase agreement. Amounts due to ex-equity holders will be fully settled upon completion of the Proposed Transactions.

Contingent liabilities

The Target Group China had no material contingent liabilities as at 31 December 2006, 2007 and 2008.

Capital commitments

The following table shows the capital commitments of the Target Group China as of the dates indicated.

	As at 31 December		
	2006	**2007**	**2008**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Contracted, but not provided for	6,074	26,048	102,733
Total	6,074	26,048	102,733

Available banking facilities

As at 31 December 2008, the total banking facilities granted by banks and other financial institutions to the Target Group China was approximately RMB950.0 million (equivalent to approximately HK$1,086.3 million), of which approximately RMB141.3 million (equivalent to approximately HK$161.6 million) was drawn.

As at 31 March 2009, the Target Group China had short-term bank loans secured by discounted bills of RMB0.5 million (equivalent to approximately HK$0.6 million), non-trade amounts due to related parties of RMB430.7 million (equivalent to approximately HK$492.5 million), bills payable, letters of credit and promissory notes of approximately RMB63.8 million (equivalent to approximately HK$73.0 million), available banking facilities of approximately RMB950.0 million (equivalent to approximately HK$1,086.3 million) and unutilised banking facilities of approximately RMB886.8 million (equivalent to approximately HK$1,014.1 million).

Except as disclosed above in reference to contingent liabilities, borrowings and contractual obligations as at the close of business on 31 March 2009, the Target Group China did not have any outstanding loan capital (issued or agreed to be issued), bank overdrafts or liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, finance lease commitments, guarantees, indemnities, or other contingent liabilities.

As at 31 March 2009, there are no indebtedness or contingent liabilities among the Group, the Target Group China and the Holvrieka Group.

There has been no material change in the indebtedness or contingent liabilities of the Target Group China since 31 March 2009.

Market risks

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the business of the Target Group China. These risks are limited by the Target Group China's financial management policies and practices described below.

Credit risk

The credit risk of the Target Group China is primarily attributable to trade debtors and bills receivable. Management has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis. In respect of trade debtors and bills receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount.

These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than six months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the group does not obtain collateral from customers.

The exposure to credit risk of the Target Group China is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Target Group China had a certain concentration of credit risk as 3.0%, 24.0% and 0% of its total trade debtors and bills receivables was due from the largest customer of the Target Group China and 45.0%, 41.0% and 31.0% was due from the five largest customers of the Target Group China as at 31 December 2006, 2007 and 2008, respectively.

The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Target Group China does not provide financial guarantees to parties outside the Target Group China which would expose the Target Group China to credit risk.

Liquidity risk

Individual operating entities within the Target Group China are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the parent company when the borrowings exceed certain predetermined levels of authority. The Target Group China's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest rate risk

The Target Group China's interest rate risk arises primarily from short-term borrowings and bank deposits. Borrowings at variable rates expose the Target Group China to cash flow interest rate risk.

As at 31 December 2006 , 2007 and 2008, it is estimated that a general increase or decrease of 54 basis points in interest rates, with all other variables held constant, would decrease or increase the Target Group China's after tax and retained profits by approximately RMB0.9 million, RMB1.9 million and RMB1.8 million respectively, in response to the general increase or decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 54 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007 and 2006.

Foreign currency risk

The Target Group China is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily the US dollar.

Depreciation or appreciation of the Renminbi against foreign currencies can affect the results of the Target Group China. The Target Group China did not hedge its foreign currency exposure other than by retaining its foreign currency denominated earnings and receipts to the extent permitted by the State Administration of Foreign Exchange.

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Target Group China ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

FINANCIAL INFORMATION OF THE HOLVRIEKA GROUP

Factors affecting the operating results and financial condition of the Holvrieka Group

Growth in the liquid food industries

Like the Target Group China, the Holvrieka Group benefits significantly from growth in the energy, chemical and liquid food industries. In particular, much of the Holvrieka Group's growth in recent years is attributable to demand from customers in the liquid food industries, especially in emerging market countries. The Holvrieka Group manufactures complete tanks at its production facilities, and also conducts on-site installations of tanks using factory-produced components. On-site installations become a more feasible option for customers purchasing larger tanks because of the difficulties and expense associated with transporting larger tanks.

Cost of raw materials

Like the Target Group China, stainless steel is the most important raw material for the Holvrieka Group. Please refer to the paragraph headed "Cost of raw materials" in the sub-section headed "Factors affecting the operating results and financial condition of the Target Group China" in this section. While the Holvrieka Group has historically been able to pass a significant portion of its cost of sales increases to its customers by negotiating higher selling prices, any significant increase in prices could result in reduced demand for the Holvrieka Group's products and affect its turnover growth.

Tax

The Holvrieka Group is subject to corporate income tax in the Netherlands, Belgium and Denmark. While the corporate income tax rate in Belgium has remained constant at 33.99% during the Track Record Period, the corporate income tax rates applicable to the Holvrieka Group in the Netherlands decreased from 29.6% in 2006 to 25.5% in 2007 and 2008, and from 28.0% to 25.0% during the same periods in Denmark. The decrease in tax rates in these jurisdictions has had a positive effect on the Holvrieka Group's overall profit during the Track Record Period. However, the Directors do not expect that any further tax rate reductions will be proposed or contemplated by the relevant authorities in any of these jurisdictions in the near-term.

Description of selected income statement line items

Turnover

The table below sets out the turnover, gross profit and gross profit margin of the Holvrieka Group for the three years ended 31 December 2006, 2007 and 2008:

	For the year ended 31 December		
	2006	2007	2008
	(EURO'000, except for percentages)		
Turnover	81,954	107,385	121,433
Gross profit	7,752	17,178	20,337
Gross profit margin (%)	9.5%	16.0%	16.7%

The overall increase in the Holvrieka Group's turnover during the Track Record Period was primarily due to (i) an increase in the number of on-site installation projects resulting from increased demand for larger tanks by customers in the liquid food industries and (ii) increasing demand for liquid foods in emerging markets such as South America, Africa, Eastern Europe, Ukraine, Belarus and Russia. Gross profit margin increased from approximately 9.5% in 2006 to approximately 16.0% in 2007 and increased to approximately 16.7% in 2008 because of an increase in the number of on-site installation projects, which have higher profit margins.

The Holvrieka Group derived its turnover primarily from the manufacturing and sales of process and storage tanks. The Holvrieka Group also provided repair services and sold spare parts, but the contributions from these businesses were generally not significant during the Track Record Period.

Cost of sales

Cost of sales primarily comprise raw materials, subcontractors' fees, production cost (including personnel benefits and fines for late delivery), warranty provisions and depreciation and amortisation expense.

Other revenue

Other revenue comprises interest income and rental income from tanks.

Other net income

Other net income comprises gain on disposal of property, plant and equipment and foreign exchange gain.

Selling expenses

Selling expenses primarily comprise salaries and benefits for sales personnel, travelling cost of sales team and marketing expenses.

Administrative expenses

Administrative expenses primarily comprise salaries and benefits for administrative personnel, utility cost, employee training cost, insurance for building, machineries and stock, net impairment losses in trade receivables and net provision or reserve for product warranties.

Finance cost

Finance cost comprise interest on bank advances and other borrowings and foreign exchange loss.

Income tax

Income tax represents income tax payable by the Holvrieka Group under relevant Netherlands, Denmark and Belgium income tax rules and regulations.

The tax rates applicable to the Holvrieka Group in the relevant countries for the three years ended 31 December 2006, 2007 and 2008 were as follows:

	For the year ended 31 December		
	2006	**2007**	**2008**
Netherlands	29.6%	25.5%	25.5%
Belgium	33.99%	33.99%	33.99%
Denmark	28.0%	25.0%	25.0%

The effective income tax rate of the Holvrieka Group for the three years ended 31 December 2006, 2007 and 2008 were approximately 22.7%, 26.6% and 25.9%, respectively.

Review of historical operating results

The following table sets out the combined income statements of the Holvrieka Group as extracted from the accountant's report of the Holvrieka Group which is set out in Appendix II to this circular.

	For the year ended 31 December		
	2006	**2007**	**2008**
	EURO'000	**EURO'000**	**EURO'000**
Turnover	81,954	107,385	121,433
Cost of sales	(74,202)	(90,207)	(101,096)
Gross profit	7,752	17,178	20,337
Change in fair value of derivative financial instruments	—	—	(4)
Other revenue	606	652	644
Other net income	188	28	81
Selling expenses	(1,525)	(1,551)	(1,560)
Administrative expenses	(4,470)	(4,815)	(5,695)
Profit from operations	2,551	11,492	13,803
Finance costs	(287)	(736)	(853)
Profit before taxation	2,264	10,756	12,950
Income tax	(514)	(2,858)	(3,353)
Profit for the year	1,750	7,898	9,597
Attributable to:			
Equity shareholders of Holvrieka Holding	1,750	7,898	9,597
Interim dividends attributable to the year:	—	4,000	—
Earnings per share			
Basic	0.029	0.131	0.159
Diluted	N/A	N/A	N/A

Year ended 31 December 2008 compared with year ended 31 December 2007

Turnover

Turnover increased by approximately 13.0% to approximately EURO 121.4 million (equivalent to approximately HK$1,231.3 million) in 2008 from approximately EURO 107.4 million (equivalent to approximately HK$1,089.3 million) in 2007, primarily due to the increased number of on-site installation projects executed by the Holvrieka Group.

Cost of sales

Cost of sales increased by approximately 12.1% to approximately EURO 101.1 million (equivalent to approximately HK$1,025.4 million) in 2008 from approximately EURO 90.2 million (equivalent to approximately HK$914.9 million) in 2007, in line with the increase in turnover as a result of the increased number of on-site installation projects executed by the Holvrieka Group.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 18.0% from approximately EURO 17.2 million (equivalent to approximately HK$174.5 million) in 2007 to approximately EURO 20.3 million (equivalent to approximately HK$205.9 million) in 2008.

Other revenue

The Holvrieka Group generated other revenue of approximately EURO 644,000 (equivalent to approximately HK$6.5 million) in 2008, representing a decrease of approximately 1.2% compared with other revenue of approximately EURO 652,000 (equivalent to approximately HK$6.6 million) in 2007. The decrease was due to a decrease in interest income generated from bank deposits and receivables which was in turn due to a decrease in interest rate.

Other net income

The Holvrieka Group generated other net income of approximately EURO 81,000 (equivalent to approximately HK$821,575) in 2008, representing a significant increase compared with other net income of approximately EURO 28,000 (equivalent to approximately HK$284,001) in 2007. The increase was due to an increase in disposal of property, plant and equipment and a gain on foreign exchange.

Selling expenses

Selling expenses remained stable during this period.

Administrative expenses

Administrative expenses increased by approximately 18.8% to approximately EURO 5.7 million (equivalent to approximately HK$57.8 million) in 2008 from approximately EURO 4.8 million (equivalent to approximately HK$48.7 million) in 2007, primarily due to an increase in headcount and salaries paid to administrative personnel.

Finance cost

Finance cost increased by approximately 15.9% to approximately EURO 853,000 (equivalent to approximately HK$8.7 million) in 2008 from approximately EURO 736,000 (equivalent to approximately HK$7.5 million) in 2007, primarily due to increased interest rates on bank advances and other borrowings.

Income tax

Income tax increased by approximately 17.2% to approximately EURO 3.4 million (equivalent to approximately HK$34.5 million), from approximately EURO 2.9 million (equivalent to approximately HK$29.4 million) in 2007. This was attributable to the substantial increase in profit before taxation of the Holvrieka Group in 2008.

Profit attributable to shareholders

As a result of the foregoing, profit attributable to equity holders of Holvrieka Holding increased by approximately 21.5% from approximately EURO 7.9 million (equivalent to approximately HK$80.1 million) in 2007 to approximately EURO 9.6 million (equivalent to approximately HK$97.4 million) in 2008.

Year ended 31 December 2007 compared with year ended 31 December 2006

Turnover

Turnover increased by approximately 31.0% to approximately EURO 107.4 million (equivalent to approximately HK$1,089.3 million) for 2007 from approximately EURO 82.0 million (equivalent to approximately HK$831.7 million) for 2006, primarily due to a combination of an increased number of on-site installation projects executed by the Holvrieka Group and an increase in sales prices in response to increased raw material cost.

Cost of sales

Cost of sales increased by approximately 21.6% to approximately EURO 90.2 million (equivalent to approximately HK$915.0 million) for 2007 from approximately EURO 74.2 million (equivalent to approximately HK$752.6 million) for 2006, primarily due to the increased number of on-site installation projects executed by the Holvrieka Group. The rate of increase of cost of sales was lower than that of turnover primarily due to the gravitation towards on-site installation projects that tend to have a lower level of fixed cost.

Gross profit

As a result of the foregoing factors, gross profit increased by approximately 120.5% from approximately EURO 7.8 million (equivalent to approximately HK$79.1 million) in 2006 to approximately EURO 17.2 million (equivalent to approximately HK$174.5 million).

Other revenue

The Holvrieka Group generated other revenue of approximately EURO 652,000 (equivalent to approximately HK$6.6 million) for 2007, representing an increase of approximately 7.6% compared with other revenue of approximately EURO 606,000 (equivalent to approximately HK$6.1 million) for 2006. The increase was primarily due to an increase in interest income generated from bank deposits and receivables which was in turn due to an increase in interest rate.

Other net income

The Holvrieka Group generated other net income of approximately EURO 28,000 (equivalent to approximately HK$284,001) for 2007, representing a decrease of 85.1% compared with other net income of approximately EURO 188,000 (equivalent to approximately HK$1.9 million) for 2006. The decrease was due to a decrease in the gain on disposal of property, plant and equipment.

Selling expenses

Selling expenses increased by approximately 6.7% to approximately EURO 1.6 million (equivalent to approximately HK$16.2 million) for 2007 from approximately EURO 1.5 million (equivalent to approximately HK$15.2 million) for 2006, primarily due to an increase in headcount and salaries paid to sales personnel.

Administrative expenses

Administrative expenses increased by approximately 6.7% to approximately EURO 4.8 million (equivalent to approximately HK$48.7 million) for 2007 from approximately EURO 4.5 million (equivalent to approximately HK$45.6 million) for 2006, primarily due to an increase in headcount and salaries paid to administrative personnel.

Finance cost

Finance cost of the Holvrieka Group increased significantly to approximately EURO 736,000 (equivalent to approximately HK$7.5 million) for 2007 from approximately EURO 287,000 (equivalent to approximately HK$2.9 million) for 2006, primarily due to an increase in interest on bank advances and other borrowings. The Holvrieka Group borrowed more money from banks in 2007 in order to purchase stainless steel as a result of the increase in the price of stainless steel in 2007.

Income tax

The Holvrieka Group's income tax for 2007 was approximately EURO 2.9 million (equivalent to approximately HK$29.4 million), compared with approximately EURO 0.5 million (equivalent to approximately HK$5.1 million) for 2006. This was attributable to the substantial increase in profit before tax of the Holvrieka Group, which was slightly offset by decreases in the applicable tax rates.

Profit attributable to shareholders

As a result of the foregoing, profit attributable to equity holders of Holvrieka Holding increased significantly to approximately EURO 7.9 million (equivalent to approximately HK$80.1 million) for 2007 from approximately EURO 1.8 million (equivalent to approximately HK$18.3 million) for 2006.

Liquidity and capital resources

The Holvrieka Group has historically funded its operations primarily by cash generated from its operations, as well as through bank borrowings and loans from related parties. Assuming successful completion of the Proposed Transactions, the Holvrieka Group expects to fund its operations with cash generated from its operations for the foreseeable future. As at 31 December 2008, the Holvrieka Group's cash and cash equivalents were approximately EURO 6.3 million (equivalent to approximately HK$63.9 million), and its bank loans and overdrafts were EURO 6.0 million (equivalent to approximately HK$60.9 million). As at the same date, the Holvrieka Group also had access to unutilised credit facilities of approximately EURO 9.1 million (equivalent to approximately HK$92.3 million). In anticipation of the Proposed Transactions, the Holvrieka Group is discussing alternative credit facility arrangements with the relevant financial institutions. The directors of the Holvrieka Group do not believe there will be a material increase in its financing cost as a result of any such new financing arrangements.

The directors of the Holvrieka Group are of the opinion that the Holvrieka Group maintains an adequate liquidity reserve.

Cash flow data

The following table sets out selected cash flow data from the Holvrieka Group's combined cashflow statements for the periods indicated.

	For the year ended 31 December		
	2006	2007	2008
	(EURO'000)	(EURO'000)	(EURO'000)
Net cash (used in)/generated from operating activities	(6,093)	12,180	6,701
Net cash used in investing activities	(1,656)	(3,939)	(5,758)
Net cash generated from/ (used in) financing activities	4,424	844	(2,469)
Cash and cash equivalents at beginning of the year	102	(3,220)	5,861
Cash and cash equivalents at end of the year	(3,220)	5,861	4,335

Net cash (used in)/generated from operating activities

The Holvrieka Group derived its cash inflow from operations principally from sales of its tanks. Its cash outflow from operations is principally for purchases of raw materials as well as for staff cost, operational cost, income tax payments and interest payments.

The Holvrieka Group's cash flows from operating activities reported for a given period depend to a large extent upon the timing and progress of its outstanding sales orders. As a condition to accepting an order, the Holvrieka Group generally requires its customers to pay a certain percentage of the contract price as a prepayment after the signing of the relevant sale and purchase contract in order to finance the necessary raw material purchases to the extent possible. The prepayments and gross amounts due under the relevant contract are recorded under deposits, other receivables and prepayments. Near the time of acceptance of an order, the Holvrieka Group will typically arrange to purchase the necessary raw materials in sufficient amounts to enable it to fulfill the relevant order. As a result, shortly after an order is accepted, the Holvrieka Group typically incurs an increase in deposits, other receivables and prepayments and a corresponding increase in trade payables relating to such accepted order.

In view of the time required for construction and raw material delivery, tanks are usually completed only after several months. During construction, the Holvrieka Group may send out progress billings to the relevant customer. Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of cost incurred plus recognised profit less recognised losses and progress billings in deposits, other receivables and prepayments, while amounts received before the relevant work is performed are recorded under other payables and accrued expenses. As the Holvrieka Group derives most of its turnover from tank construction contracts, and due to the nature of the related payment cycle and raw material requirements, the Holvrieka Group's reported cash flows from operations fluctuate significantly depending on the status and progress of its tank construction contracts at the end of the relevant period.

In addition to the operating cash flow fluctuations described above, the Holvrieka Group experienced an overall increase in turnover during the Track Record Period.

In 2008, the net cash inflow generated from operating activities of the Holvrieka Group was approximately EURO 6.7 million (equivalent to approximately HK$68.0 million). Such cash inflow was primarily a result of operating profit before changes in working capital of EURO 14.3 million (equivalent to approximately HK$145.0 million), and an approximately EURO 3.4 million (equivalent to approximately HK$34.5 million) decrease in inventories, which was partially offset by income tax paid of EURO 4.8 million (equivalent to approximately HK$48.7 million), an approximately EURO 2.0 million (equivalent to approximately HK$20.3 million) decrease in trade payables, an approximately EURO 1.9 million (equivalent to approximately HK$19.3 million) decrease in other payables and accrued expenses, and an approximately EURO 1.7 million (equivalent to approximately HK$17.2 million) increase in amounts due from related parties.

In 2007, the net cash inflow generated from operating activities of the Holvrieka Group was approximately EURO 12.2 million (equivalent to approximately HK$123.7 million). Such inflow was primarily a result of operating profit before changes in working capital of approximately EURO 11.8 million (equivalent to approximately HK$119.7 million), an approximately EURO 2.3 million (equivalent to approximately HK$23.3 million) decrease in trade receivables and an approximately EURO 4.9 million (equivalent to approximately HK$49.7 million) increase in other payables and accrued expenses, which was partially offset by an approximately EURO 6.0 million (equivalent to approximately HK$60.9 million) increase in deposits, other receivables and prepayments.

In 2006, the net cash used in operating activities of the Holvrieka Group was approximately EURO 6.1 million (equivalent to approximately HK$61.9 million). Such outflow was primarily a result of operating profit before changes in working capital of an approximately EURO 2.8 million (equivalent to approximately HK$28.4 million) and an approximately EURO 4.3 million (equivalent to approximately HK$43.6 million) increase in trade payables, which was partially offset by an approximately EURO 8.8 million (equivalent to approximately HK$89.3 million) increase in inventories and an approximately EURO 4.8 million (equivalent to approximately HK$48.7 million) decrease in other payables and accrued expenses.

Net cash used in investing activities

The cash inflow of the Holvrieka Group from investing activities primarily consists of proceeds from disposals of property, plant and equipment, repayment of loans to customers and interest received. The cash outflow of the Holvrieka Group from investing activities consists of purchases of property, plant and equipment and construction in progress and intangible asset, loans to related parties and loans to customers.

The Holvrieka Group experienced net cash outflows from investing activities during the Track Record Period. During the Track Record Period, the Holvrieka Group regularly extended loans to other members of its parent group of companies as part of the parent group's cash management activities.

These loans will be repaid in connection with the successful completion of the Proposed Transactions. In addition, in 2007, the Holvrieka Group restructured receivables due from certain customers (who have had good payment histories with the Holvrieka Group) as interest bearing loans.

In 2008, the net cash outflow in investing activities of the Holvrieka Group was approximately EURO 5.8 million (equivalent to approximately HK$58.8 million), which was primarily due to loans made to related parties of EURO 4.5 million (equivalent to approximately HK$45.6 million), and purchase of property, plant and equipment, and construction in progress and intangible assets of approximately EURO 2.8 million (equivalent to approximately HK$28.4 million), which was partially offset by repayment of loans to customers of approximately EURO 883,000 (equivalent to approximately HK$9.0 million) and interest received of approximately EURO 621,000 (equivalent to approximately HK$6.3 million).

In 2007, the net cash outflow in investing activities of the Holvrieka Group was approximately EURO 3.9 million (equivalent to approximately HK$39.6 million), which was primarily due to loans made to related parties of approximately EURO 2.9 million (equivalent to approximately HK$29.4 million) and loans made to customers of approximately EURO 1.8 million (equivalent to approximately HK$18.3 million), partially offset by repayment of loans to customers of approximately EURO 1.0 million (equivalent to approximately HK$10.1 million) and interest received of approximately EURO 652,000 (equivalent to approximately HK$6.6 milllion).

In 2006, the net cash outflow in investing activities of the Holvrieka Group was approximately EURO 1.7 million (equivalent to approximately HK$17.2 million), which was primarily due to loans made to related parties of approximately EURO 4.1 million (equivalent to approximately HK$41.6 million), and purchase of property, plant and equipment, and construction in progress and intangible assets of EURO 1.1 million (equivalent to approximately HK$11.2 million), partially offset by receipt of repayment of borrowings to related parties of approximately EURO 2.0 million (equivalent to approximately HK$20.3 million), repayment of loans to customers of approximately EURO 636,000 (equivalent to approximately HK$6.5 million) and interest received of approximately EURO 609,000 (equivalent to approximately HK$6.2 milllion).

Net cash generated from/(used in) financing activities

The cash inflow of the Holvrieka Group from financing activities consists of proceeds from bank loans and borrowings from related parties. The cash outflow of the Holvrieka Group from financing activities consists of repayments of borrowings, interest paid and dividends paid to equity shareholders of Holvrieka Holding.

During the Track Record Period, the Target Group received loans from members of its parent group of companies in order to meet some of its financing requirements, as well as in connection with the parent group's cash management activities.

In 2008, net cash outflow from financing activities of the Holvrieka Group amounted to approximately EURO 2.5 million (equivalent to approximately HK$25.4 million), due to approximately EURO 3.8 million (equivalent to approximately HK$38.5 million) for repayments of loans from related parties, and approximately EURO 704,000 (equivalent to approximately HK$7.1 million) in interest paid, which was partially offset by approximately EURO 2.0 million (equivalent to approximately HK$20.3 million) in proceeds from borrowings from related parties.

In 2007, the Holvrieka Group's net cash generated from financing activities was approximately EURO 844,000 (equivalent to approximately HK$8.6 million). Although the Holvrieka Group received banks loans and related party borrowings of approximately EURO 6.0 million (equivalent to approximately HK$60.9 million), this was mostly offset by repayments of outstanding related party loans and a dividend payment during 2007 in the amount of approximately EURO 4.6 million (equivalent to approximately HK$46.7 million).

In 2006, the Holvrieka Group's net cash generated from financing activities was approximately EURO 4.4 million (equivalent to approximately HK$44.6 million), due to approximately EURO 6.1 million (equivalent to approximately HK$61.9 million) in proceeds from borrowings from related parties, which was offset by repayment of related party borrowings of approximately EURO 1.4 million (equivalent to approximately HK$14.2 million) and interest paid in the amount of approximately EURO 343,000 (equivalent to approximately HK$3.5 million).

Key financial ratios

	For the year ended 31 December		
	2006	**2007**	**2008**
Inventory turnover (days)[1]	71	60	41
Trade receivable turnover (days)[2]	87	59	51
Trade payables turnover (days)[3]	58	49	36
Current ratio (times)[4]	1.5x	1.5x	1.6x
Gearing ratio (times)[5]	0.5x	0.4x	0.1x

Notes:

1. Inventory turnover is based on the closing balance of inventories divided by cost of sales and multiplied by 365 days for the Track Record Period.

2. Trade receivable turnover is based on the closing balance of trade receivables divided by turnover and multiplied by 365 days for the Track Record Period.

3. Trade payables turnover is based on the closing balance of trade payables divided by cost of sales and multiplied by 365 days for the Track Record Period.

4. Current ratio is based on year-end current assets divided by year-end current liabilities.

5. Gearing ratio is based on year-end total bank loans plus non-trade amounts due to related parties net of non-trade amounts due from related parties divided by year-end total shareholders' equity.

Inventory turnover

The Holvrieka Group's inventory turnover is primarily influenced by volatility in stainless steel prices and related fluctuations in purchase lead times. In order to manage its raw material supply, the Holvrieka Group will from time to time increase its stockpile of stainless steel in anticipation of any expected increase in purchase lead times in future periods or in order to take advantage of lower stainless steel prices in a rising price environment. Such turnover period was the longest in 2006, primarily due to the fact that the Holvrieka Group substantially increased its stainless steel inventory in that year due to anticipated longer purchase lead times.

As at 31 December 2008, the inventory maintained by the Holvrieka Group was approximately EURO 11.4 million (equivalent to approximately HK$115.6 million). As at 31 March 2009, approximately EURO 5.2 million (equivalent to HK$52.7 million) of such inventory had been used/sold.

Trade receivables turnover

The Holvrieka Group's trade receivables turnover is primarily influenced by the Holvrieka Group's efforts to negotiate improved payments terms under its contracts, including prepayment terms. During the Track Record Period, the customers of the Holvrieka Group settled their purchase prices in a more expedient manner primarily due to a larger proportion of prepayments required from its customers and also more efficient collection efforts of the Holvrieka Group, and as a result, the Holvrieka Group experienced an overall decrease in receivables turnover during the Track Record Period.

As at 31 December 2008, the Holvrieka Group's trade receivables were approximately EURO 17.1 million (equivalent to approximately HK$173.4 million). As at 31 March 2009, approximately EURO 12.8 million (equivalent to HK$129.8 million) of such trade receivables had been settled.

The Directors are of the view that the recoverability of the Holvrieka Group's outstanding trade receivables are in line with payment terms of the invoiced sales.

Trade payables turnover

The Holvrieka Group's trade payables turnover is primarily influenced by the purchase prices of stainless steel. Such turnover period was the longest in 2006, primarily due to an increase in stockpile of stainless steel to take advantage of lower stainless steel prices in a rising price environment which resulted in an increase in stainless steel inventory.

The Holvrieka Group generally settles its outstanding payables within one to three months. However, from time to time, the Holvrieka Group may make direct payments to its vendors if it is able to negotiate better prices as a result.

As at 31 December 2008, the Holvrieka Group's trade payables were approximately EURO 10.1 million (equivalent to approximately HK$102.4 million). As at 31 March 2009, approximately EURO 8.7 (equivalent to HK$88.2 million) of such trade creditors and bill payables had been settled.

The Holvrieka Group's current ratio and gearing ratio remained relatively stable during the Track Record Period.

Capital expenditures

The following table sets out the Holvrieka Group's capital expenditures during the Track Record Period. These capital expenditures were funded primarily out of cash flows generated from operations.

	For the year ended 31 December		
	2006	**2007**	**2008**
	(EURO'000)	**(EURO'000)**	**(EURO'000)**
Land and buildings	42	35	74
Machinery	626	659	2,103
Motor vehicles	300	104	206
Office equipment	87	72	49
Construction in progress	—	70	321
Intangible assets	—	—	46
Total	1,055	940	2,799

Throughout the Track Record Period, the largest portion of the Holvrieka Group's capital expenditures was in relation to expenditures for machinery, accounting for approximately 59.3%, 70.1% and 75.1% of the total capital expenditures for 2006, 2007 and 2008, respectively.

The Holvrieka Group will consider relevant factors, including market conditions and its financial performance, in order to decide how to proceed with its future capital expenditures. The ability to obtain additional funding required for increased capital expenditures in the future is subject to a variety of uncertainties including technical development, future results of operations, financial condition and cash flows, and economic, political and other conditions in Europe and internationally.

It is expected that the Holvrieka Group's principal source of funding will be cash from operating activities, which is sufficient for the payment of expected capital expenditure in the next 12 months from the date of this circular.

Net current assets

The Holvrieka Group had net current assets of approximately EURO 16.0 million, EURO 21.0 million and EURO 25.0 million as at 31 December 2006, 2007 and 2008, respectively (equivalent to approximately HK$162.3 million, HK$213.0 million and HK$253.6 million, respectively). As at 31 March 2009, the Holvrieka Group had net current assets of approximately EURO 27.6 million (equivalent to approximately HK$279.9 million).

The Holvrieka Group had net assets of approximately EURO 29.9 million (equivalent to approximately HK$303.3 million) as at 31 December 2008.

The following table shows the breakdown of the Holvrieka Group's current assets and current liabilities as at 31 March 2009:

	(EURO'000)
Current assets	
Derivative financial instruments	9
Inventories	7,884
Trade receivables	21,617
Deposits, other receivables and prepayments	14,616
Amounts due from related parties	15,809
Cash and cash equivalents	9,463
Current liabilities	
Derivative financial instruments	13
Bank loans and overdrafts	5,684
Trade payables	7,711
Other payables and accrued expenses	21,027
Current tax payable	143
Amounts due to related parties	6,956
Employee benefit liabilities	24
Provisions	222
Net current assets	27,618

Indebtedness

Borrowings

The following table shows the Holvrieka Group's bank borrowings from banks and other financial institutions as at 31 December 2006, 2007 and 2008, respectively.

	As at 31 December		
	2006	**2007**	**2008**
	(EURO'000)	**(EURO'000)**	**(EURO'000)**
Short term bank loans-secured	—	—	4,000
Long term bank loans-secured	—	4,000	—
Bank overdrafts-unsecured	3,751	288	686
Bank overdrafts-secured	—	1,409	1,326
Total borrowings	3,751	5,697	6,012

The increase in non-current borrowings of the Holvrieka Group to approximately EURO 4.0 million (equivalent to approximately HK$40.6 million) as at 31 December 2007 was due to the long-term borrowings it borrowed in connection with the refinancing of CIMC Burg in 2007.

The interest rates of the borrowings of the Holvrieka Group for the three years ended 31 December 2006, 2007 and 2008 ranged from 3.643% to 7.60%.

Contingent liabilities

As at 31 December 2008, the Holvrieka Group had provided guarantees to certain financial institutions in the amount of EURO 18.9 million (equivalent to approximately HK$191.7 million) in respect of construction contract payments, warranties and retentions.

As at 31 March 2009, the Holvrieka Group had provided guarantees to certain financial institutions in the amount of approximately EURO 19.9 million (equivalent to approximately HK$201.8 million) in respect of construction contract payments, warranties and retentions.

According to the related agreement, the third party customers of the Holvrieka Group made payment relating to construction contract payments, warranties and retentions to the Holvrieka Group. If the Holvrieka Group was unable to fulfil its obligations during the course of construction contract projects, the customers would request repayment of the above-mentioned payments from the financial institutions which in turn require the Holvrieka Group to reimburse such repayments.

As at 31 December 2006, 2007 and 2008, Holvrieka Holding had provided guarantees on behalf of its subsidiaries to suppliers regarding raw materials purchase orders placed for a total amount of EURO 1.7 million, EURO 1.4 million and nil, respectively (equivalent to approximately HK$17.2 million, HK$14.2 million and nil, respectively).

As at 31 March 2009, Holvrieka Holding had provided guarantees on behalf of its subsidiaries to suppliers and customers for a total amount of approximately EURO 3.1 million (equivalent to approximately HK$31.4 million).

According to the related agreements, upon completion of delivery of raw materials, Holvrieka Holding would have to take up the related payable to suppliers if the subsidiaries default on their payments obligations to suppliers.

According to the related agreements with customers, if the subsidiaries default on the delivery of goods/services, the customers could request Holvrieka Holding to reimburse the prepayment made to the subsidiaries previously.

During the Track Record Period, Burg Industries/CIMC Burg, a fiscal unit which comprises the Dutch entities under the Holvrieka Group and all the Dutch affiliated companies (except Burgers Carrosserie B.V.) under Burg Industries, filed only one income tax return for the whole group, rather than individual entities' returns. The Holvrieka Group is jointly and severally liable for the obligation of tax payment under this fiscal unity arrangement for tax filing purposes.

CIMC Burg and its subsidiaries (the "CIMC Burg Group") entered into a combined credit facility agreement dated 26 June 2007 with certain financial institutions, pursuant to which such financial institutions have provided to CIMC Burg Group a long-term loan facility in the aggregate amount of EURO 98.0 million (equivalent to approximately HK$994.0 million) for the acquisition of Burg Industries B.V. The credit facility contains various financial and other covenants, the details of which are set out in Note 20 to the accountant's report on the Holvrieka Group set out in Appendix II to this circular.

As at 31 December 2006, 2007 and 2008, the directors of the Holvrieka Group do not consider it probable that a claim will be made against the Holvrieka Group under any guarantees, the above-mentioned group credit facilities or fiscal unity taxation arrangement. The maximum liability of the Holvrieka Group at the above-mentioned balance sheet dates under the guarantees issued are the outstanding amount of the loans and borrowings drawn down by CIMC Burg Group/Burg Industries B.V. Group in the aggregate amount of approximately EURO 31.2 million, approximately EURO 82.1 million and approximately EURO 71.9 million, respectively (equivalent to approximately HK$316.5 million, HK$832.7 million and HK$729.3 million, respectively).

Contractual obligations

The following table shows the contractual obligations of the Holvrieka Group other than its borrowings as at 31 December 2008.

	Year ended 31 December		
	2006	**2007**	**2008**
	EURO '000	**EURO '000**	**EURO '000**
Within 1 year	100	100	108
After 1 year but within 5 years	396	400	432
After 5 years	1,625	1,525	1,592
Total	2,121	2,025	2,132

Available banking facilities

As at 31 December 2008, the total banking facilities granted by banks and other financial institutions to the Holvrieka Group was approximately EURO 15.2 million (equivalent to approximately HK$154.2 million), of which approximately EURO 6.0 million (equivalent to approximately HK$60.9 million) was drawn.

As at 31 March 2009, the Holvrieka Group had bank overdrafts of approximately EURO 1.7 million (equivalent to approximately HK$17.2 million), bank loans (current portion) of approximately EURO 4.0 million (equivalent to approximately HK$40.6 million), amounts due to related parties of approximately EURO 7.5 million (equivalent to approximately HK$76.1 million), available banking facilities of approximately EURO 15.2 million (equivalent to approximately HK$154.2 million) and unutilised banking facilities of EURO 9.5 million (equivalent to approximately HK$96.4 million).

Except as disclosed above in reference to contingent liabilities, borrowings and contractual obligations as at 31 March 2009, the Holvrieka Group did not have any outstanding loan capital (issued or agreed to be issued), bank overdrafts or liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, finance lease commitments, guarantees, indemnities, or other contingent liabilities.

As at 31 March 2009, there are no indebtedness or contingent liabilities among the Group, the Target Group China and the Holvrieka Group.

There has been no material change in the indebtedness or contingent liabilities of the Holvrieka Group since 31 March 2009.

Market risks

The Holvrieka Group is exposed to various types of market risks in the normal course of business, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit Risk

The Holvrieka Group's credit risk is primarily attributable to trade receivables. Management has a credit policy in place, and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade debtors and bills receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount.

These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Holvrieka Group does not obtain collateral from customers.

The Holvrieka Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As at 31 December 2006, 2007 and 2008, the Holvrieka Group had a certain concentration of credit risk as 12%, 1% and 18%, respectively, of the total trade and other receivables with the five largest customers of the Holvrieka Group, respectively. The Holvrieka Group does not have the receivable balances from its largest customer as at 31 December 2006, 2007 and 2008.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. Except for the financial guarantees given by the Holvrieka Group as set out in note 31 in the accountant's report of the Holvrieka Group as set out in Appendix II to this circular, the Holvrieka Group does not provide any other guarantee which would expose the Holvrieka Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet dates is disclosed in note 31(v) in the accountant's report of the Holvrieka Group as set out in Appendix II to this circular.

Further quantitative disclosures in respect of the Holvrieka Group's exposure to credit risk arising from trade receivables are set out in note 16 in the accountant's report of the Holvrieka Group as set out in Appendix II to this circular.

Liquidity risk

The Holvrieka Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and other financial assets) and projected cash flows from operations. The Holvrieka Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and bank loans. The Holvrieka Group's policy is that the equity should finance the non-current assets, whereas the current assets should at least be equal to the current liabilities. Credit facilities with credit institutions are available for improving the liquidity position in case the current assets are temporarily higher than the current liabilities.

Interest rate risk

The Holvrieka Group's interest rate risk arises primarily from floating rate bank loans and overdrafts, and bank deposits. Floating rate bank deposits and floating rate bank loans and overdrafts expose the Holvrieka Group to cash flow interest rate risk.

As at 31 December 2006, 2007 and 2008, it is estimated that a general increase or decrease of 100 basis points in interest rates at each of the above dates, with all other variables held constant, would increase/(decrease) the Holvrieka Group's profit after tax and retained profits by approximately EURO (32,200) (equivalent to approximately HK$(326,601)), EURO 18,610 (equivalent to approximately HK$188,759), and EURO 3,350 (equivalent to approximately HK$33,979), respectively, in response to the general increase/(decrease) in interest rates. Other components of consolidated equity would not change in response to the general increase/(decrease) in interest rates.

Foreign currency risk

The Holvrieka Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the US Dollar, British Pound and Danish Krone. The Holvrieka Group uses forward exchange contracts to manage its currency risk. All of the forward exchange contracts have maturities of less than one year as at 31 December 2008.

As at 31 December 2006, 2007 and 2008, the Holvrieka Group had no assets and liabilities which were denominated in US Dollars or British Pounds. The Holvrieka Group uses forward exchange contracts to manage its currency risk. All of the forward exchange contracts had maturities of less than one year as at 31 December 2008.

In respect of trade receivables and trade payables denominated in currencies other than the functional currency of the operations to which they relate, the Holvrieka Group enters into forward exchange contracts in order to minimise currency risk.

PROPERTY INTERESTS

Particulars of the property interests of the Restructured Group are set out in Appendix VI to this circular. A summary of values and valuation certificate issued by DTZ are included in Appendix VI to this circular.

A reconciliation of the net book value of the relevant property interests including land use rights of the Group, the Target Group China and the Holvrieka Group as at 31 December 2008 to their fair value as stated in Appendix VI to this circular is as follows:

	RMB'000
Net book value of the property interests of the Group including land use rights as at 31 December 2008 included in the accountant's report of the Group as set out in Appendix III to this circular	177,877
Plus: Additions	81
Plus: Transfers from construction in progress	68
Subtract: Disposals	(34)
Subtract: Depreciation expenses	(2,523)
Subtract: Amortization expenses	(418)
Net book value of the property interests of the Group including land use rights as at 30 April 2009	175,051
Market valuation difference	8,899
Fair value of the property interests of the Group as at 30 April 2009 included in the valuation report of the Restructured Group as set out in Appendix VI to this circular	183,950
Net book value of the property interests of the Target Group China including land use rights as at 31 December 2008 included in the accountant's report of the Target Group China as set out in Appendix I to this circular	239,392
Plus: Additions	106,145
Subtract: Depreciation expenses	(2,164)
Subtract: Amortization expenses	(392)
Net book value of the property interests of the Target Group China including land use rights as at 30 April 2009	342,981

	RMB'000
Market valuation difference	57,829
Fair value of the property interests of the Target Group China as at 30 April 2009 included in the valuation report of the Restructured Group as set out in Appendix VI to this circular	400,810

	EURO'000
Net book value of the property interests of the Holvrieka Group including land use rights as at 31 December 2008 included in the accountant's report of the Holvrieka Group as set out in Appendix II to this circular	2,500.0
Subtract: Depreciation expenses	(103.0)
Net book value of the property interests of the Holvrieka Group including land use rights as at 30 April 2009	2,397.0
Market valuation difference	7,863.0
Fair value of the property interests of the Holvrieka Group as at 30 April 2009 included in the valuation report of the Restructured Group as set out in Appendix VI to this circular	10,260.0

According to Rule 11.3 of the Takeovers Code, the following sets out the potential tax liability which would arise if the property assets of the Restructured Group, to which the valuation report set out in Appendix VI to this circular relates, were to be sold at the amount of the valuation:

The property interests owned by the Group and the Target Group are situated in the PRC, the Netherlands, Belgium and Denmark.

The types of taxation that could arise when real properties in the PRC are sold include business tax, stamp duty and value-added tax. The applicable tax rates for business tax and stamp duty would be 5% and 0.05%, respectively, and the land value-added tax would be at a progressive rate of 30%, 40%, 50% and 60% if the Group and the Target Group were to dispose of these properties in the PRC as at the Latest Practicable Date.

If all the properties currently owned by the Group and the Target Group in the PRC were sold, the potential tax liabilities which might be incurred are estimated to be approximately RMB41.4 million (equivalent to approximately HK$47.3 million).

The types of taxation that could arise when real properties are sold in the Netherlands are corporate income tax, transfer tax and value-added tax. The applicable tax rate for these three types of taxation would be 25.5% (a corporate income tax rate of 20% applies with respect to taxable profits up to approximately EURO 40,000 and a rate of 23% applies for taxable profits between approximately EURO 40,000 and EURO 20,000 for the year 2008) and 6% and 19% if the Target Group were to dispose of these properties in the Netherlands as at the Latest Practicable Date.

The types of taxation that could arise when real properties are sold in Belgium are corporate tax, transfer tax and value-added tax. The applicable tax rate for these three types of taxation would be 33.99% corporate tax of the net taxable capital gain realised by a resident company, 12.5% or 10% transfer tax (depending on the region) of the purchase price or the fair market value of the property, and 21% value-added tax of the sales price or the fair market value (if higher), of a building which qualifies as new for value-added tax purpose if the Target Group were to dispose of these properties in Belgium as at the Latest Practicable Date.

The types of taxation that could arise when real properties are sold in Denmark are corporate taxation of any gains and recaptured depreciation. The applicable tax rate for this type of taxation would be 25% if the Target Group were to dispose of these properties in Denmark as at the Latest Practicable Date.

If all the properties currently owned by the Target Group in the Netherlands, Belgium and Denmark were sold, the potential tax liabilities which might be incurred are estimated to be approximately EURO2.2 million (equivalent to approximately HK$22.3 million).

However, the Group and the Target Group have no intention at this time to sell any of their properties in the PRC, the Netherlands, Belgium or Denmark. All the properties of the Group and the Target Group in the PRC, the Netherlands, Belgium and Denmark are for their own business operation and not for investment or sale. It is unlikely that the aforesaid tax liability will crystallise in the near future.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Shareholders will be entitled to receive dividends as declared by the Board, who will consider the various factors including the financial condition, capital requirements and earnings of the Restructured Group, in order to determine in their discretion the payment and amount of any such dividends.

The Target Group China declared total dividends of approximately RMB274.7 million (equivalent to approximately HK$314.1 million) to the then shareholders of the Target Group China for the year ended 31 December 2006. No dividend was declared by the Target Group China for the year ended 31 December 2007 and 2008.

No dividend was paid by the Holvrieka Group for the two years ended 31 December 2006 and 2008. In the year ended 31 December 2007, the Holvrieka Group paid total dividends of EURO 4.0 million (equivalent to approximately HK$40.6 million) to the then shareholders of the Holvrieka Group.

Cash dividends on the Shares (if any) will be paid in Hong Kong dollars and other distributions (if any) will be paid to the Shareholders by any means as the Directors deem legal, fair and practical.

For further details of the dividend payments by the Target Group China and the Holvrieka Group, please refer to Appendices I and II to this circular. No assurance can be given that dividends of similar amounts or at similar rates will be paid in the future or that dividends will be paid at all. Therefore, the past dividend payments referred to above should not be used as reference for the Target Group China or the Holvrieka Group's dividend policy, nor as a basis to forecast the amount of dividends payable in the future.

WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the financial resources available to the Restructured Group after completion of the Proposed Transactions, including its operating cash flow and available banking facilities, the Restructured Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

PRO FORMA NET TANGIBLE ASSETS

The unaudited pro forma net tangible assets of the Restructured Group as at 31 December 2008 assuming the Proposed Transactions had taken place on 1 January 2008 would amount to approximately RMB2.1 million (equivalent to approximately HK$2.4 million), as set out in the unaudited pro forma financial information of the Restructured Group in Appendix IV to this circular.

NO MATERIAL ADVERSE CHANGE

As a result of the recent global economic turmoil, general overall business activities have slowed down and may continue to slow down.

The business performance and profitability of the Target Group China has been materially adversely impacted in the first quarter of 2009 as a result of the global economic turmoil. In particular, as a result of lower customer demand, the volume of transportation equipment sold by the Nantong Group decreased by approximately 70% in the first quarter of 2009 compared with the first quarter of 2008, while average selling prices of these standardised transportation equipment remained relatively stable. In addition, in the first quarter of 2009, the decrease in the overall cost level was significantly less than the decrease in turnover, due to the fixed nature of certain costs.

The business performance and profitability of the Holvrieka Group in the first quarter of 2009 has also been materially adversely impacted. In particular, the average sales price per tank decreased by approximately 35% in the first quarter of 2009 compared with the first quarter of 2008, while total number of tanks sold remained relatively stable. The drop in average sales price per tank was mainly due to a nearly proportional decrease in cost of production caused primarily by a decrease in raw material prices, in particular price of nickel and steel, as a result of the global economic slowdown. The operating cost not directly related to production also decreased in the first quarter of 2009 compared with the first quarter of 2008, although at a lesser rate than the decrease in turnover due to the fixed nature of certain cost.

Except as disclosed above, the Directors have confirmed that there has been no material adverse change in the financial or trading position of the Target Group China and the Holvrieka Group since 31 December 2008, being the date to which the audited financial statements of the Target Group China and the Holvrieka Group were prepared, as set out in Appendices I and II to this circular.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

As at the Latest Practicable Date, the Directors confirm that there are no circumstances which would give rise to disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

As at the Latest Practicable Date, the Company had only one class of shares in issue, namely, ordinary shares of HK$0.01 each. The table sets out details relating to the share capital of the Company as adjusted for the issue of the Consideration Shares:

Authorised share capital		***HK$***
10,000,000,000	Ordinary Shares as at the Latest Practicable Date	100,000,000
2,000,000,000	Ordinary Shares and 2,000,000,000 New Convertible Preference Shares immediately after completion of the Proposed Transactions	20,000,000
12,000,000,000		120,000,000

Issued share capital		***HK$***
459,000,000	Ordinary Shares in issue as at the Latest Practicable Date	4,590,000
398,452,201	Ordinary Shares to be issued	3,984,522
1,015,641,320	New Convertible Preference Shares to be issued	10,156,413
1,873,093,521	Ordinary Shares and New Convertible Preference Shares immediately after completion of the Proposed Transactions	18,730,935

The above tables take no account of any Ordinary Shares which may be allotted and issued upon the exercise of any Share Options or the conversion rights attached to the New Convertible Preference Shares.

SHARE OPTION SCHEMES

Details of the share option schemes of the Company are set out in Appendix VIII to this circular.

Other than a total of 1,015,641,320 New Convertible Preference Shares agreed to be issued under the Acquisition Agreements on completion of the Proposed Transactions, there were no other outstanding options, warrants or other conversion rights over any part of the Company's share capital as at the Latest Practicable Date.

Other than the capital of the Company, there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

GENERAL MANDATE

The Directors have been granted an unconditional general mandate to allot, issue and deal with unissued Ordinary Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares. The aggregate nominal value of Shares to be allotted and issued shall not exceed 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution on 25 May 2009.

REPURCHASE MANDATE

The Directors have also been granted an unconditional general mandate to purchase Ordinary Shares on the Stock Exchange or any other stock exchange on which the Ordinary Shares may be listed. The aggregate nominal amount of Ordinary Shares which may be purchased or agreed to be purchased by the Company shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution on 25 May 2009.

These two mandates expire at 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 Articles or any applicable laws to be held; or

(iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the authority given to the Directors by the relevant resolution.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

3 June 2009

The Directors
Enric Energy Equipment Holdings Limited
Deutsche Bank AG, Hong Kong Branch
China Merchants Securities (HK) Co., Limited

Dear Sirs

Introduction

We set out below our report on the Financial Information relating to Sound Winner Holdings Limited ("Target Co China") and its subsidiaries, Manner Kind International Limited ("Manner Kind"), Perfect Vision International Limited ("Perfect Vision"), Win Score Investments Limited ("Win Score"), Charm Ray Holdings Limited ("Charm Ray"), 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Co., Ltd.*) ("Nantong CIMC") and 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.*) ("Zhangjiagang CIMC") (hereinafter collectively referred to as the "Target Group China"), including the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements of the Target Group China, for each of the years ended 31 December 2006, 2007 and 2008 (collectively the "Track Record Period") and the consolidated balance sheets of the Target Group China as at 31 December 2006, 2007 and 2008, together with notes thereto (the "Financial Information") for inclusion in the circular dated 3 June 2009 (the "Circular") issued by Enric Energy Equipment Holdings Limited (the "Company") in connection with the proposed acquisition (the "Proposed Transactions") of the Target Group China from China International Marine Containers (Hong Kong) Limited ("CIMC HK") and CIMC Vehicle Investment Holdings Company Limited ("CIMC Vehicle"), pursuant to a conditional sale and purchase agreement dated 2 September 2008 (the "China Acquisition Agreement") and the supplemental agreement dated 20 April 2009 entered into between CIMC HK, CIMC Vehicle and the Company.

Target Co China was incorporated in the British Virgin Islands on 11 December 2007 by the ultimate equity shareholders of China International Marine Containers (Group) Ltd. ("CIMC") for the purpose of acting as the holding company of these subsidiaries to effect the sale of the entire interests in these subsidiaries to the Company. Pursuant to the group reorganisation (the "Reorganisation") as detailed in the paragraph headed "Reorganisation" in the Section headed "History and Background of the Target Group" to the Circular, Target Co China became the holding company of the subsidiaries now comprising the Target Group China, details of which are set out below. Target Co China has not conducted any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for Target Co China, Manner Kind, Perfect Vision, Win Score and Charm Ray, as they have not conducted any business since the dates of their incorporation.

The statutory financial statements of Nantong CIMC and Zhangjiagang CIMC, which were prepared in accordance with the relevant accounting rules and regulations in the People's Republic of China (the "PRC"), were audited by Deloitte & Touche Tohmatsu CPA Ltd. Shenzhen Branch for the years ended 31 December 2006, and by KPMG Huazhen Guangzhou Branch for the years ended 31 December 2007 and 2008.

Basis of preparation

The Financial Information has been prepared by the directors of Target Co China based on the unaudited combined accounts of the companies now comprising the Target Group China, on the basis set out in section A below. No audited combined accounts have previously been prepared for the Target Group China for each period of the Track Record Period. The unaudited combined accounts have been restated to conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK") (the "Listing Rules"). HKFRSs include Hong Kong Accounting Standards and Interpretations. No statement of adjustments as defined under Rule 4.15 of the Listing Rules is considered necessary.

Respective Responsibilities of Directors and Reporting Accountants

The directors of Target Co China are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our audit.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the reporting accountant" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited any Financial Information of the companies now comprising the Target Group China in respect of any period subsequent to 31 December 2008.

Opinion

In our opinion, for the purpose of this report, the Financial Information, on the basis of presentation set out in section A below and in accordance with the accounting policies set out in Section C below, gives a true and fair view of the Target Group China's consolidated results and cash flows for the Track Record Period, of the state of affairs of the Target Group China as at 31 December 2006, 2007 and 2008, and of Target Co China as at 31 December 2007 and 2008.

Note

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

A BASIS OF PRESENTATION

Target Co China was incorporated under the laws of the British Virgin Islands ("BVI") on 11 December 2007. One share of USD1 has been issued and was allotted to CIMC HK on 30 January 2008.

On 31 January 2008, Target Co China was allotted one share of USD1 issued by Manner Kind which was incorporated under the laws of BVI on 28 November 2007 and Manner Kind became a wholly-owned subsidiary of Target Co China.

On 9 April 2008, Manner Kind acquired the entire issued share capital of one share of HK$1 of Win Score, a limited liability company incorporated in Hong Kong on 29 January 2008.

On 16 April 2008, Win Score entered into an equity transfer agreement with the equity shareholders of Nantong CIMC, CIMC Tank Equipment Investment Holdings Co. Ltd ("CIMC Tank Equipment") and CIMC Holdings (B.V.I.) Limited ("CIMC BVI"), to acquire their equity interest in Nantong CIMC of 62% and 38% for the considerations of USD42,123,000 (equivalent to RMB288,926,000) and USD25,818,000 (equivalent to RMB177,089,000) respectively. The approval for the equity transfer was obtained on 9 May 2008 and Nantong CIMC became a wholly-owned subsidiary of Target Co China on that date. The relevant registration filing was completed on 3 June 2008. On 30 June 2008, Win Score entered into an agreement with CIMC Tank Equipment, CIMC BVI and CIMC HK, whereby the considerations, payable to CIMC Tank Equipment and CIMC BVI in the amount of USD42,123,000 and USD25,818,000 respectively, have been assigned to CIMC HK.

Perfect Vision International Limited ("Perfect Vision") was incorporated under the laws of BVI on 21 November 2007 and one share of USD1 was allotted to CIMC Vehicle on 31 January 2008.

On 9 April 2008, Perfect Vision acquired the entire issued share capital of one share of HK$1 of Charm Ray, a limited liability company incorporated in Hong Kong on 28 January 2008.

Charm Ray entered into an equity transfer agreement with CIMC Vehicle (Group) Co., Ltd. ("CIMC Vehicle Group") and CIMC Vehicle to acquire their equity interest in Zhangjiagang CIMC of 72.05% and 25% for the considerations of RMB129,618,700 and RMB44,975,260 respectively. Charm Ray entered into an equity transfer agreement with 張家港衆一盛時代新技術應用有限公司 (Zhangjiagang Zhong Yi Sheng Shi Dai New Technology Co., Ltd.) ("Zhong Yi Sheng") to acquire its 2.62% equity interest in Zhangjiagang CIMC for the consideration of RMB4,713,407. Charm Ray entered into an equity transfer agreement with Mr. Xu Longfa to acquire his 0.33% equity interest in Zhangjiagang CIMC for the consideration of RMB593,673. The approval for the equity transfers was obtained on 9 July 2008 and Zhangjiagang CIMC became a wholly-owned subsidiary of Charm Ray, which is in turn wholly-owned by Perfect Vision. On 31 July 2008, Charm Ray entered into an agreement with CIMC Vehicle Group, Zhong Yi Sheng, Mr. Xu Longfa and CIMC Vehicle, whereby the considerations, payable to CIMC Vehicle Group, Zhong Yi Sheng and Mr. Xu Longfa in the amounts of RMB129,618,700, RMB4,713,407 and RMB593,673 respectively, have been assigned to CIMC Vehicle. On 31 July 2008, CIMC Vehicle waived the consideration of RMB44,975,260 due from Charm Ray. The debt assignment and waiver were recorded as merger reserve.

On 29 August 2008, Target Co China acquired the entire issued share capital of USD1 of Perfect Vision and then Perfect Vision became a wholly-owned subsidiary of Target Co China.

On 1 September 2008, Target Co China allotted and issued 8003 shares to CIMC HK and 1996 shares to CIMC Vehicle, as a result of which the shareholding of Target Co China became beneficially owned as to 80.04% by CIMC HK and as to 19.96% by CIMC Vehicle.

Nantong CIMC, Zhangjiagang CIMC, CIMC HK, CIMC Tank Equipment, CIMC BVI, CIMC Vehicle and CIMC Vehicle Group are all subsidiaries controlled by their ultimate holding company, CIMC before the above equity transfers, and CIMC continued to control the companies comprising the Target Group China after these equity transfers. The control is not transitory and, consequently, there was a continuation of the risks and benefits of the operations of Nantong CIMC and Zhangjiagang CIMC, and therefore this is considered as business combination under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA is applied for this transaction. The Financial Information has been prepared using the merger basis of accounting as if the transfer to Target Co China of the entire equity interests in the subsidiaries now comprising the Target Group China had been completed as at the beginning of the Track Record Period. The net assets of the combining companies are consolidated using the existing book values from the ultimate equity shareholders' perspective.

The Financial Information relating to the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of the Target Group China as set out in section B include the results of operations of the companies comprising the Target Group China for the Track Record Period. The consolidated balance sheets of the Target Group China as at 31 December 2006, 2007 and 2008 as set out in section B have been prepared to present the consolidated assets and liabilities of the Target Group China as at those dates.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

As at the date of this report, Target Co China had direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of subsidiary	Place and date of incorporation/ establishment	Issued/ registered/ paid-in capital	Percentage of direct/indirect equity attributable to Target Co China — Direct	Indirect	Principal activities	Legal form
			%	%		
Manner Kind International Limited	British Virgin Islands (incorporated on 28 November 2007)	USD 1	100	—	Investment holding	Limited liability company
Perfect Vision International Limited	British Virgin Islands (incorporated on 21 November 2007)	USD 1	100	—	Investment holding	Limited liability company
Win Score Investments Limited	Hong Kong (incorporated on 29 January 2008)	HKD 1	—	100	Investment holding	Limited liability company
Charm Ray Holdings Limited	Hong Kong (incorporated on 28 January 2008)	HKD 1	—	100	Investment holding	Limited liability company
南通中集罐式儲運設備製造有限公司 Nantong CIMC Tank Equipment Co., Ltd.*	Jiangsu, PRC (established on 14 August 2003)	USD 25,000,000	—	100	Production and sales of stainless steel tank containers	Equity wholly foreign-owned company
張家港中集聖達因低溫裝備有限公司 Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.*	Zhangjiagang, PRC (established on 17 December 1999)	RMB 144,862,042	—	100	Design, production, sales and technical service of cryogenic storage and transportation equipment	Equity wholly foreign-owned company

Note

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

B FINANCIAL INFORMATION

1 Consolidated income statements

	Section C Note	Year ended 31 December 2006	2007	2008
		RMB'000	RMB'000	RMB'000
Turnover	2	1,787,281	2,739,069	3,315,167
Cost of sales		(1,395,515)	(2,241,124)	(2,713,828)
Gross profit		391,766	497,945	601,339
Change in fair value of derivative financial instruments		—	10,255	(24,019)
Other revenue	3	61,562	109,987	163,304
Other operating expenses	4(a)	(13,897)	(48,014)	(85,444)
Other net expenses	4(b)	(206)	(267)	(923)
Selling expenses		(67,837)	(99,618)	(108,785)
Administrative expenses		(43,359)	(65,504)	(116,608)
Profit from operations		328,029	404,784	428,864
Finance costs	4(c)	(20,291)	(43,464)	(38,717)
Profit before taxation		307,738	361,320	390,147
Income tax	5	(25,760)	(34,138)	(52,470)
Profit for the year		281,978	327,182	337,677
Attributable to:				
Equity shareholders of Target Co China	8	280,827	326,915	337,385
Minority interests		1,151	267	292
Profit for the year		281,978	327,182	337,677
Dividends payable to equity shareholders of Target Co China attributable to the year:				
Final dividend proposed after the balance sheet date	9	274,747	—	—
Earnings per share				
- Basic (RMB)	10	28,083	32,692	33,739
- Diluted		N/A	N/A	N/A

The accompanying notes form part of the Financial Information.

2 Consolidated balance sheets

	Section C Note	31 December 2006	2007	2008
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	253,474	309,446	367,925
Construction in progress	12	19,376	32,001	72,279
Lease prepayments	13	35,218	46,878	44,604
Intangible assets	14	1,261	3,843	4,486
Prepayments for non-current assets		151	362	250
Goodwill	15	16,902	16,350	15,821
Deferred tax assets	25(b)	8,441	9,064	32,175
		334,823	417,944	537,540
Current assets				
Derivative financial instruments	16	—	9,892	—
Inventories	17	461,724	724,184	747,991
Trade debtors and bills receivables	18	375,094	748,312	555,400
Deposits, other receivables and prepayments	19	62,524	154,058	105,577
Amounts due from related parties	31(e)	68,851	6,646	27,338
Cash at bank and in hand	21	7,953	12,849	36,751
		976,146	1,655,941	1,473,057
Current liabilities				
Bank loans	22	—	238,066	9,940
Trade creditors and bills payable	23	233,679	260,074	269,566
Other payables and accrued expenses	24	123,145	190,927	193,788
Income tax payable	25(a)	7,176	14,077	13,914
Amounts due to related parties	31(e)	348,827	657,897	472,137
Provisions	26	15,898	20,478	26,216
Derivative financial instruments	16	—	—	14,413
		728,725	1,381,519	999,974
Net current assets		247,421	274,422	473,083
Total assets less current liabilities		582,244	692,366	1,010,623
Non-current liabilities				
Deferred tax liabilities	25(b)	3,947	3,947	22,620
Net assets		578,297	688,419	988,003
Capital and reserves				
Share capital	27	—	—	68
Reserves	27	572,543	683,229	987,935
Total equity attributable to equity shareholders of Target Co China		572,543	683,229	988,003
Minority interests		5,754	5,190	—
Total equity		578,297	688,419	988,003

The accompanying notes form part of the Financial Information.

3 Consolidated statements of changes in equity

	Attributable to equity holders of Target Co China							Minority interests	Total equity
	Share capital	Capital reserve	Merger reserve	Statutory surplus reserve and welfare fund	Exchange reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	—	455	215,016	3,112	(4,056)	170,813	385,340	39,127	424,467
Profit for the year	—	—	—	—	—	280,827	280,827	1,151	281,978
Acquisition of minority interests	—	—	43,319	—	—	—	43,319	(32,918)	10,401
Appropriation for staff bonus and welfare fund	—	—	—	—	—	(82)	(82)	—	(82)
Dividends declared or paid	—	—	—	—	—	(169,982)	(169,982)	(492)	(170,474)
Contribution by investors	—	—	39,113	—	—	—	39,113	—	39,113
Exchange difference on translation of financial statements	—	—	—	—	(5,992)	—	(5,992)	(1,114)	(7,106)
At 31 December 2006 and 1 January 2007	—	455	297,448	3,112	(10,048)	281,576	572,543	5,754	578,297
Profit for the year	—	—	—	—	—	326,915	326,915	267	327,182
Dividends declared or paid	—	—	—	—	—	(274,747)	(274,747)	(831)	(275,578)
Contribution by investors	—	—	79,742	—	—	—	79,742	—	79,742
Exchange difference on translation of financial statements	—	—	—	—	(21,224)	—	(21,224)	—	(21,224)
At 31 December 2007 and 1 January 2008	—	455	377,190	3,112	(31,272)	333,744	683,229	5,190	688,419
Profit for the year	—	—	—	—	—	337,385	337,385	292	337,677
Capital injection by investors	68	—	—	—	—	—	68	—	68
Acquisition of minority interests	—	—	5,307	—	—	—	5,307	(5,482)	(175)
Consideration arising from the acquisition of Nantong CIMC by Target Co China	—	—	(466,015)	—	—	—	(466,015)	—	(466,015)
Consideration arising from the acquisition of Zhangjiagang CIMC by Target Co China	—	—	(179,901)	—	—	—	(179,901)	—	(179,901)
Contribution by investor in the form of debt assignment and waiver	—	—	645,916	—	—	—	645,916	—	645,916
Exchange difference on translation of financial statements	—	—	—	—	(37,986)	—	(37,986)	—	(37,986)
At 31 December 2008	68	455	382,497	3,112	(69,258)	671,129	988,003	—	988,003

The accompanying notes form part of the Financial Information.

4 Consolidated cash flow statements

	Section C Note	Year ended 31 December		
		2006	2007	2008
		RMB'000	RMB'000	RMB'000
Operating activities				
Profit before taxation		307,738	361,320	390,147
Adjustments for:				
Interest income		(3,412)	(4,521)	(14,957)
Gain from dilution/acquisition of minority interest		—	—	(168)
Interest expenses		13,376	44,524	68,719
Amortisation and depreciation		14,281	22,085	27,466
Foreign exchange loss/(gain)		5,919	(1,662)	(31,422)
Change in fair value of derivative financial instruments		—	(10,255)	24,019
Loss on disposal of property, plant and equipment		133	177	430
Operating profit before changes in working capital		338,035	411,668	464,234
Increase in inventories		(199,471)	(285,409)	(31,418)
Decrease/(increase) in trade debtors and bills receivable		(23,830)	(392,735)	186,273
Decrease/(increase) in deposits, other receivables and prepayments		(43,397)	(96,383)	46,102
Decrease/(increase) in amounts due from related parties		(70,050)	59,536	(21,549)
Decrease/(increase) in restricted bank deposits for letter of guarantee		(1,181)	(1,044)	(2,516)
Increase in trade creditors and bills payable		117,779	32,147	7,230
Increase in other payables and accrued expenses		1,474	69,680	6,784
(Decrease)/increase in amounts due to related parties		(17,339)	383,134	(135,632)
Increase in provision for product warranties		6,571	5,768	7,013
Cash generated from operations		108,591	186,362	526,521
Income tax paid		(34,674)	(27,619)	(57,020)
Net cash generated from operating activities		73,917	158,743	469,501
Investing activities				
Purchase of property, plant and equipment, construction in progress and lease prepayments		(72,791)	(121,046)	(145,131)
Proceeds from disposal of property, plant and equipment		2,927	3,669	991
Interest received		3,412	4,521	14,957
Net cash used in investing activities		(66,452)	(112,856)	(129,183)

	Section C Note	Year ended 31 December 2006 RMB'000	2007 RMB'000	2008 RMB'000
Financing activities				
Proceeds from additional contribution of investors		39,113	79,742	—
Proceeds from new bank loans		13,237	1,189,951	1,183,392
Repayments of bank loans		(30,621)	(943,163)	(1,399,299)
Interest paid		(13,376)	(41,336)	(71,252)
Dividend paid to investors		(23,934)	(328,600)	(35,416)
Net cash used in financing activities		(15,581)	(43,406)	(322,575)
Net (decrease)/increase in cash and cash equivalents		(8,116)	2,481	17,743
Cash and cash equivalents at beginning of the year		14,118	4,869	8,721
Effect of foreign exchange rate changes		(1,133)	1,371	3,642
Cash and cash equivalents at end of the year	*21*	4,869	8,721	30,106

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes Hong Kong Accounting Standards ("HKASs") and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section.

Up to the date of issue of this Financial Information, HKFRS 1, "First-time Adoption of Hong Kong Financial Reporting Standards", has been applied in preparing the Financial Information. The Financial Information is the first set of the Target Group China's Financial Information prepared in accordance with HKFRSs. Reconciliations and a description of the effect of the transition from accounting principles generally accepted in the PRC ("PRC GAAP") to HKFRSs on the Target Group China's total equity as at 1 January 2006 and 31 December 2008 and Consolidated profit of the Target Group China for the year ended 31 December 2008 are set out in note 35.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Target Group China has adopted all these new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 December 2008. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2009 are set out in note 34.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of preparation of the Financial Information

The Financial Information comprises Target Co China and its subsidiaries. The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand.

The functional currencies of Target Co China and its subsidiaries are set out as follows:

- Target Co China	USD
- Manner Kind	USD
- Perfect Vision	USD
- Win Score	HKD
- Charm Ray	HKD
- Nantong CIMC	USD
- Zhangjiagang CIMC	RMB

The Target Group China determines its functional currencies based on its major currencies in business transactions. The Financial Information is prepared on the historical cost basis except that derivative financial instruments are stated at their fair value as explained in note 1(e).

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 33.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Target Group China. Control exists when the Target Group China has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by Target Co China, whether directly or indirectly through subsidiaries, and in respect of which the Target Group China has not agreed any additional terms with the holders of those interests which would result in the Target Group China as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of Target Co China. Minority interests in the results of the Target Group China are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between minority interests and the equity shareholders of Target Co China.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Target Group China's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Target Group China's interest is allocated all such profits until the minority's share of losses previously absorbed by the Target Group China has been recovered.

Loans from holders of minority interests and other contractual obligations towards these shareholders are presented as financial liabilities in the consolidated balance sheet in accordance with note 1(p) or (q) depending on the nature of the liability.

In Target Co China's balance sheet, an investment in a subsidiary is stated at cost less impairment loss (see note 1(k)).

(d) Goodwill

Goodwill represents the excess of the cost of a business combination over the Target Group China's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(k)).

Any excess of the Target Group China's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 1(f)).

(f) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised directly in equity. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non- financial asset or non-financial liability, the associated gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

(ii) Hedge of net investments in foreign operations

The portion of the gain or loss on remeasurement to fair value of an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity until the disposal of the foreign operation, at which time the cumulative gain or loss recognised directly in equity is recognised in profit or loss. The ineffective portion is recognised immediately in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 1(k)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

Plant and buildings	30 years
Machinery	12 years
Motor vehicles	5 years
Office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents items of property, plant and equipment under construction and pending installation and is stated at cost less impairment losses (note 1(k)). Cost comprises direct and indirect costs related to acquisition and installation of the property, plant and equipment, incurred before the asset is substantially ready for its intended use.

Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Target Group China has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(k)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Target Group China are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(k)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives of 3-5 years.

Both the period and method of amortization are reviewed annually.

(i) Lease prepayments

Lease prepayments represent payments for land use rights to the People's Republic of China ("PRC") authorities. Land use rights are stated in the balance sheet at cost less accumulated amortisation and impairment losses (note 1(k)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(j) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Target Group China are classified as operating leases.

Where the Target Group China has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(k) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Target Group China about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Target Group China is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— construction in progress;

— lease prepayments;

— intangible assets; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Construction contracts

The accounting policy for contract revenue is set out in note 1(u)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "Trade debtors and bills receivables". Amounts received before the related work is performed are included in the balance sheet, as a liability, as "Other payables and accrued expenses".

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(k)), except where the receivables are interest-free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations of the PRC, the PRC subsidiaries have joined a defined contribution basic retirement scheme for their employees arranged by the local Labour and Social Security Bureau. The subsidiaries make contributions to the retirement scheme at the applicable rates based on the amounts stipulated by the government organisation. The contributions are accrued in the year in which the associated services are rendered by employees. When employees retire, the local Labour and Social Security Bureau are responsible for the payment of the basic retirement benefits to the retired employees.

Besides the retirement benefits, pursuant to the relevant laws and regulations of the PRC, the PRC subsidiaries are obligated to make contributions to social security plans for employees, including housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance, at the applicable rate(s) based on the employees' salaries. The contributions are accrued in the year in which the associated services are rendered by employees.

(ii) Termination benefits

When the subsidiaries terminate their employment relationship with employees before the employment contracts have expired, or provide compensation as an offer to encourage employees to accept voluntary redundancy, a provision for termination benefits, is recognised in profit or loss when both of the following conditions have been satisfied:

— The subsidiaries have a formal plan for the termination of employment or have made an offer to employees for voluntary redundancy, which will be implemented shortly, and

— The subsidiaries are not allowed to withdraw from the termination plan or redundancy offer unilaterally.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group China controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if Target Co China or the Target Group China has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, Target Co China or the Target Group China intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group China has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

Provided it is probable that the economic benefits will flow to the Target Group China and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Contract revenue

When the outcome of a construction contract can be estimated reliably:

— revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and

— revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Target Group China will comply with the conditions attaching to them. Grants that compensate the Target Group China for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Target Group China for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated into RMB at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into RMB at the exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into RMB at foreign exchange rates ruling at the dates the fair value was determined.

The results of companies with functional currency other than RMB ("Foreign Operations") are translated into RMB at the exchange rates that approximate the spot exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period. Balance sheet items, including goodwill arising on consolidation of Foreign Operations acquired on or after 1 January 2005, are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a Foreign Operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the Foreign Operation.

On disposal of a Foreign Operation, the cumulative amount of the exchange differences recognised in equity which relate to that Foreign Operation is included in the calculation of the profit or loss on disposal.

(w) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

For the purpose of Financial Information, a party is considered to be related to the Target Group China if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Target Group China or exercise significant influence over the Target Group China in making financial and operating policy decisions, or has joint control over the Target Group China;

(ii) the Target Group China and the party are subject to common control;

(iii) the party is an associate of the Target Group China or a joint venture in which the Target Group China is a venture;

(iv) the party is a member of key management personnel of the Target Group China or the Target Group China's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Target Group China or of any entity that is a related party of the Target Group China.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(y) Segment reporting

A segment is a distinguishable component of the Target Group China that is engaged either in providing products or services (business segment), or providing projects or services within a particular economic environment (geographical segment), which is subject to risks and rewards, that are different from those of other segments.

In accordance with the Target Group China's internal financial reporting system, the Target Group China has chosen business segment information as the primary reporting format for the purposes of this Financial Information. As the Target Group China's operations are predominantly in the PRC, no geographical segment information is presented.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the combination process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2 Turnover

The Target Group China is principally engaged in the manufacture and engineering of transportation, storage and processing equipment used in the energy and chemical industries.

Turnover represents the sales value of goods sold and revenue from construction contracts, excludes value added or other sales taxes and is after the deduction of any trade discounts.

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Revenue of sales of transportation equipment	1,463,051	2,333,594	2,728,639
Revenue of sales of storage equipment	217,296	338,697	394,140
Revenue from construction contracts (project engineering)	106,576	63,680	172,240
Revenue from processing equipment	358	3,098	20,148
	1,787,281	2,739,069	3,315,167

3 Other revenue

		Year ended 31 December		
		2006	2007	2008
		RMB'000	RMB'000	RMB'000
Government grants	(i)	90	800	1,774
Other operating revenue	(ii)	56,773	103,378	145,394
Interest income from bank deposits and non-trade amount due from related parties		3,412	4,521	14,957
Others		1,287	1,288	1,179
		61,562	109,987	163,304

Notes:

(i) Government grants represent technical incentives and subsidies given by the local PRC government.

(ii) Other operating revenue consists of components as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Sales of raw materials, scraps and accessories	43,115	83,243	114,777
Revenue from repairing services	13,649	19,996	29,596
Revenue from other services	9	139	1,021
	56,773	103,378	145,394

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Other operating expenses

Other operating expenses consist of the cost components for other operating revenue as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Cost of raw materials, scraps and accessories	7,957	34,748	61,115
Cost of providing repairing service	5,142	12,849	23,445
Cost of providing other services	798	417	884
	13,897	48,014	85,444

(b) Other net expenses

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Loss on disposal of property, plant and equipment	133	177	606
Donations	73	90	317
	206	267	923

(c) Finance costs

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Interest on borrowing and payables wholly repayable within five years	13,376	45,138	70,131
Less: borrowing costs capitalised *	—	614	1,412
	13,376	44,524	68,719
Foreign exchange loss/(gain)	5,919	(1,662)	(31,422)
Finance charges	996	602	1,420
	20,291	43,464	38,717

* The borrowing costs have been capitalised at annual interest rate of 4% for the year ended 31 December 2007, and at annual interest rates ranging from 3.91% to 6.75% for the year ended 31 December 2008.

(d) Staff costs

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Salaries, wages and allowances	69,421	101,822	128,676
Contributions to retirement schemes	5,467	8,503	9,977
	74,888	110,325	138,653

The Target Group China is required to participate in certain defined contribution retirement schemes organised by the local municipal government for its employees in the PRC. The Target Group China's PRC subsidiaries make contributions which are calculated on a certain percentage of the average employee salary as agreed by the local municipal government.

The Target Group China has no other obligations for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Prior to the Reorganisation, CIMC Vehicle Group, the immediate holding company of Zhangjiagang CIMC had a share trust plan approved on 17 October 2007 (the "Share Trust Plan"). According to the Share Trust Plan, the senior executives of CIMC and CIMC Vehicle Group and key personnel related to the trailer business, purchased 20% equity interest of CIMC Vehicle Group by injecting RMB 220,700,000 into CIMC Vehicle Group via Shenzhen International Trust and Investment Co., Ltd. Up to 31 December 2008, certain directors of Target Co China and its subsidiaries have contributed RMB22,326,668 to CIMC Vehicle Group regarding the Share Trust Plan, as employees of the CIMC and CIMC Vehicle Group, including the Target Group China. The Target Group China considered that the cost of the Share Trust Plan attributable to employee services provided to the Target Group China was insignificant as these directors and executives are also providing employee services to many other companies under CIMC and CIMC Vehicle Group. Therefore, as agreed with CIMC Vehicle Group, the respective costs of the Share Trust Plan have not been allocated to the Target Group China.

Except for this Share Trust Plan, there was no other share-based payment plan during the years ended 31 December 2006, 2007 and 2008.

(e) Other items

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Cost of inventories*	1,395,515	2,241,124	2,761,431
Auditor's remuneration			
- audit services	110	114	243
Depreciation of property, plant and equipment	13,111	20,097	25,126
Amortisation of intangible assets	339	886	1,275
Amortisation of lease prepayments	831	1,102	1,065
Impairment losses/(reversals)			
- trade and bills receivables	484	8,919	(1,830)
- deposit, other receivables and payments	(174)	254	(23)
Research and development costs	2,382	2,813	9,303
Provision for product warranties	7,832	9,540	11,341

* Cost of inventories includes RMB63,050,882, RMB98,853,518, RMB118,850,942 for the years ended 31 December 2006, 2007 and 2008, respectively relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(d) for each of these types of expenses.

5 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Current tax			
Provision for the year	32,660	35,250	57,755
Deferred tax			
Origination or reversal of temporary differences	(6,900)	(1,112)	(5,285)
	25,760	34,138	52,470

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are entitled to a preferential tax treatment of "two-year exemption and three-year reduction" starting from the year in which a taxable income is made after the offset of deductible losses incurred in prior years.

	Year ended 31 December		
	2006	**2007**	**2008**
Local statutory tax rate			
Nantong CIMC	24%	24%	25%
Zhangjiagang CIMC	24%	24%	25%
Preferential tax rate			
Nantong CIMC	12%	12%	12.5%
Zhangjiagang CIMC	0%	0%	12.5%
Withholding tax rate on dividend distribution to foreign investors	—	—	5%

Effective from 1 January 2008, the statutory income tax rate for the subsidiaries in the PRC is 25%. According to the Notice for Transitional Preferential Tax Policies of Enterprise Income Tax (Guo Fa [2007] No.39) issued by the State Council ("new tax law"), the tax rate for the companies which were previously entitled to preferential tax rates is gradually increased to 25% over a five-year transition period. The tax rate for the enterprises which are entitled to preferential tax rate of 15% is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the tax rate for the enterprises whose applicable tax rates were 24% and above or equal to 25% is 25% starting from 2008.

Effective from 1 January 2008, the companies which were previously entitled to tax holidays of "two-year exemption and three-year reduction" or "one-year exemption and two-year reduction" continue to enjoy the tax holidays until their expirations. The reduced tax rates are based on the applicable tax rate in the transitional period. The applicable tax rate will be the statutory tax rate after the expirations of tax holidays.

Nantong CIMC and Zhangjiagang CIMC were entitled to the tax holiday of "two-year exemption and three-year reduction" from the year of 2004 and 2006 respectively. According to the new tax law, both companies continue to enjoy the holiday based on the applicable tax rate of 25%.

In addition, according to the new tax law, PRC subsidiaries of Target Co China are levied the withholding tax on the dividends to their foreign investors arising from profits earned subsequent to 1 January 2008. Deferred tax liabilities amounting to RMB18,735,000 (see note 25(b)) has been recognised in this respect.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Profit before taxation	307,738	361,320	390,147
Expected income tax expenses at the statutory tax rates	73,977	86,836	97,496
Tax effect of tax holiday granted	(41,072)	(45,622)	(57,695)
Tax effect of non-deductible expenses	977	860	854
Effect of changes in tax rates	(5,659)	188	(6,917)
Tax incentives granted for purchase of domestic equipment	(4,876)	(8,124)	(256)
Withholding tax on dividends to foreign investors	—	—	18,735
Under-provision in prior years	2,413	—	253
Actual income tax expense	25,760	34,138	52,470

6 Directors' remuneration

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Year ended 31 December 2006					
Mr. Zhao Qingsheng	—	—	—	—	—
Mr. Jin Jianlong	—	—	—	—	—
Mr. Wang Yu	—	—	—	—	—
	—	—	—	—	—
Year ended 31 December 2007					
Mr. Zhao Qingsheng	—	—	—	—	—
Mr. Jin Jianlong	—	—	—	—	—
Mr. Wang Yu	—	—	—	—	—
	—	—	—	—	—
Year ended 31 December 2008					
Mr. Zhao Qingsheng	—	—	—	—	—
Mr. Jin Jianlong	—	—	—	—	—
Mr. Wang Yu	—	—	—	—	—
	—	—	—	—	—

No emoluments were paid by Target Co China, its subsidiaries or CIMC regarding the services of the directors of Target Co China provided to Target Co China as Target Co China does not have any operation other than the investment holding of its subsidiaries.

Certain directors are beneficiaries of the Share Trust Plan of CIMC Vehicle Group, which was introduced in 2007. Detailed information is set out in note 4(d).

During the Track Record Period, no emoluments were paid by the Target Group China to the directors as an inducement to join or upon joining the Target Group China or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Track Record Period.

7 Individuals with highest emoluments

The aggregate of the emoluments in respect of the five individuals with the highest emoluments are as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	225	226	848
Discretionary bonuses	660	674	1,034
Retirement scheme contributions	365	370	368
	1,250	1,270	2,250

The emoluments of the five individuals with the highest emoluments are within the following band:

	Number of employees Year ended 31 December		
	2006	2007	2008
Nil to HKD 1,000,000	5	5	5

During the Track Record Period, no emoluments were paid by the Target Group China to the five highest paid individuals as an inducement to join or upon joining the Target Group China or as compensation for loss of office.

8 Profit attributable to equity shareholders of Target Co China

The consolidated profit attributable to equity shareholders of Target Co China does not include profit attributable to equity shareholders dealt with in the Financial Information of Target Co China, as Target Co China has no profit or loss since its incorporation.

9 Dividends

The final dividends proposed after the balance sheet date represented the profit distribution of Zhangjiagang CIMC and Nantong CIMC.

In the Track Record Period, the retained profits of Zhangjiagang CIMC and Nantong CIMC were appropriated based on the percentage of equity shareholdings of the investors.

10 Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2006, 2007 and 2008 are based on the profit attributable to equity shareholders of Target Co China of RMB280,827,000, RMB326,915,000 and RMB337,385,000 respectively and the number of ordinary shares of 10,000 in issue during the Track Record Period.

(ii) Diluted earnings per share

There were no potential dilutive ordinary shares in issue during the Track Record Period.

11 Property, plant and equipment

	Plant and buildings	Machinery	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At 1 January 2006	92,513	80,901	4,051	5,529	182,994
Additions	9,002	14,269	2,639	14,382	40,292
Transfer from construction in progress	40,227	30,566	—	—	70,793
Disposals	—	(1,486)	(218)	(1,739)	(3,443)
Exchange adjustment	(2,050)	(2,091)	(87)	(75)	(4,303)
At 31 December 2006	139,692	122,159	6,385	18,097	286,333
Reclassification	(3,732)	(729)	653	3,808	—
Additions	8,508	23,666	655	2,840	35,669
Transfer from construction in progress	27,072	24,943	—	2,004	54,019
Disposal	(3,020)	(332)	(1,009)	(375)	(4,736)
Exchange adjustment	(5,354)	(5,363)	(178)	(182)	(11,077)
At 31 December 2007	163,166	164,344	6,506	26,192	360,208
Reclassification	33	(1,349)	—	1,316	—
Additions	—	4,687	1,288	4,576	10,551
Transfer from construction in progress	54,477	25,917	2,164	3,995	86,553
Disposal	(589)	(1,181)	(789)	(36)	(2,595)
Exchange adjustment	(6,846)	(6,420)	(205)	(302)	(13,773)
At 31 December 2008	210,241	185,998	8,964	35,741	440,944

	Plant and buildings	Machinery	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation:					
At 1 January 2006	3,952	13,679	1,113	1,831	20,575
Charge for the year	3,164	7,361	895	1,691	13,111
Written back on disposals	—	(286)	(18)	(77)	(381)
Exchange adjustment	(86)	(316)	(18)	(26)	(446)
At 31 December 2006	7,030	20,438	1,972	3,419	32,859
Reclassification	(883)	(189)	212	860	—
Charge for the year	4,469	10,478	1,141	4,009	20,097
Written back on disposals	(74)	(80)	(458)	(278)	(890)
Exchange adjustment	(286)	(886)	(59)	(73)	(1,304)
At 31 December 2007	10,256	29,761	2,808	7,937	50,762
Reclassification	9	(15)	—	6	—
Charge for the year	5,643	12,879	1,324	5,280	25,126
Written back on disposals	(63)	(370)	(709)	(32)	(1,174)
Exchange adjustment	(392)	(1,124)	(83)	(96)	(1,695)
At 31 December 2008	15,453	41,131	3,340	13,095	73,019
Net book value:					
At 31 December 2008	194,788	144,867	5,624	22,646	367,925
At 31 December 2007	152,910	134,583	3,698	18,255	309,446
At 31 December 2006	132,662	101,721	4,413	14,678	253,474

The net book value of the buildings whose certificates of ownership are pending amounted to RMB45,571,000, RMB44,224,000 and RMB101,952,208 as at 31 December 2006, 2007 and 2008 respectively.

12 Construction in progress

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
At beginning of the year	47,241	19,376	32,001
Additions	43,301	71,366	129,493
Transfer to property, plant and equipment	(70,793)	(54,019)	(86,553)
Transfer to lease prepayments	—	(3,279)	—
Exchange adjustment	(373)	(1,443)	(2,662)
At the end of the year	19,376	32,001	72,279

13 Lease prepayments

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Cost:			
At beginning of the year	37,985	37,273	49,972
Additions	—	10,764	—
Transfer from construction in progress	—	3,279	—
Exchange adjustment	(712)	(1,344)	(1,288)
At end of the year	37,273	49,972	48,684
Accumulated amortisation:			
At beginning of the year	1,245	2,055	3,094
Charge for the year	831	1,102	1,065
Exchange adjustment	(21)	(63)	(79)
At end of the year	2,055	3,094	4,080
Net book value:			
At end of the year	35,218	46,878	44,604

Lease prepayments represent payments for land use rights paid to the PRC authorities. The Target Group China's land use rights have remaining terms ranging from 40 to 47 years as at 31 December 2008.

14 Intangible assets

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Cost:			
At beginning of the year	1,831	2,917	6,367
Additions	1,086	3,558	2,083
Exchange adjustment	—	(108)	(209)
At end of the year	2,917	6,367	8,241
Accumulated amortisation:			
At beginning of the year	1,317	1,656	2,524
Charge for the year	339	886	1,275
Exchange adjustment	—	(18)	(44)
At end of the year	1,656	2,524	3,755
Net book value:			
At end of the year	1,261	3,843	4,486

The balances of intangible assets represented technological know-how with useful lives of 3-5 years.

15 Goodwill

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
At beginning of the year	8,297	16,902	16,350
Additions	8,605	—	—
Exchange adjustment	—	(552)	(529)
At end of the year	16,902	16,350	15,821

Goodwill at 1 January 2006 represented the excess of cost of business combination over the interest acquired in the fair value of Zhangjiagang CIMC's identifiable assets and liabilities for the acquisition of 91% equity interests from ex-equity shareholders of Zhangjiagang CIMC.

Additions to goodwill in 2006 represented the excess of cost of business combination over the interest acquired in the fair value of Nantong CIMC's identifiable assets and liabilities for the acquisition of 38% equity interests from minority shareholders.

Impairment tests for cash-generating units ("CGU") containing goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10% for CGU of Nantong CIMC and 8% for CGU of Zhangjiagang CIMC. One major assumption is annual growth rates in revenue which vary among the subsidiaries. The growth rates are based on the subsidiaries' growth forecasts and the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculations is the stable budgeted gross margin, which is determined based on Nantong CIMC's and Zhangjiagang CIMC's past performance and their expectations for market development. Management estimates that the recoverable amount of each CGU are larger than the carrying amount of the respective goodwill as at 31 December 2006, 2007 and 2008. The discount rates used are pre-tax and reflect specific risks relating to the relevant subsidiaries.

16 Derivative financial instruments

Financial instruments are foreign exchange forward contracts with Bank of Communications and China Merchant Bank to sell US dollars and buy Renminbi.

17 Inventories

(a) Inventories in the consolidated balance sheet comprise:

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	284,368	440,031	400,094
Consignment materials	17,476	31,934	27,283
Spare parts	4,378	5,700	8,301
Work in progress	115,530	176,030	209,666
Finished goods	39,972	70,489	102,647
	461,724	724,184	747,991

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Carrying amount of inventories sold	1,395,515	2,241,124	2,713,828
Write down of inventories	—	—	47,603
	1,395,515	2,241,124	2,761,431

The write-down of inventories made in 2008 arose due to a decrease in the estimated net realisable value of containers as a result of the decrease in the market price of stainless steel, the key raw material used.

18 Trade debtors and bills receivable

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Trade debtors and bills receivable	386,308	767,942	572,651
Less: allowance for doubtful debts	(11,214)	(19,630)	(17,251)
	375,094	748,312	555,400

(a) The ageing analysis of the trade debtors and bills receivable is as follows:

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Neither past due nor impaired	155,735	461,447	475,501
Less than 1 month past due	188,368	117,331	—
1 to 3 months past due	6,552	133,539	42,062
More than 3 months but less than 12 months past due	19,768	22,684	27,591
Over 12 months past due	4,671	13,311	10,246
Past due or impaired	219,359	286,865	79,899
Total	375,094	748,312	555,400

The Target Group China normally allows a credit period of 30-90 days to its customers.

The balance aged over 12 months mainly represents the retention receivables for construction revenue (note 20) and sales of transportation and storage equipment.

(b) The movements of allowance for doubtful debts

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Target Group China is satisfied that recovery of the amount is remote in which case the impairment loss is written off against trade debtors and bills receivable directly.

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
At beginning of the year	10,855	11,214	19,630
Impairment loss recognised/(reversed)	484	8,919	(1,830)
Uncollectible amounts written off	—	(78)	(2)
Exchange adjustment	(125)	(425)	(547)
At end of the year	11,214	19,630	17,251

19 Deposits, other receivables and prepayments

	31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Advance to suppliers	42,394	90,355	39,393
Deposits for construction work and equipment purchase	1,798	920	632
Gross amount due from customers for contract work (note 20)	10,101	23,607	32,342
Staff advances	3,751	5,571	2,402
Value-added tax ("VAT") deductible	1,287	21,918	20,260
Others	3,193	11,687	10,548
	62,524	154,058	105,577

20 Construction contracts

The aggregate amounts of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2006, 2007 and 2008 are RMB60,495,000, RMB49,493,000 and RMB 105,937,000 respectively.

No gross amount due from/to customers for contract work at 31 December 2006, 2007 and 2008 is expected to be recovered after more than one year.

In respect of construction contracts in progress at the balance sheet date, the amount of retentions receivable from customers, recorded within "Trade debtors and bills receivable" at 31 December 2006, 2007 and 2008 are RMB6,581,000, RMB12,204,000, and RMB9,899,000 respectively. The amount of retentions expected to be recovered after more than one year at 31 December 2006, 2007 and 2008 are RMB2,687,000, RMB6,803,000, and RMB3,913,000 respectively.

21 Cash at bank and in hand

		31 December		
	Note	**2006**	**2007**	**2008**
		RMB'000	**RMB'000**	**RMB'000**
Cash and cash equivalents	27(c)	4,869	8,721	30,106
Restricted bank deposits for letters of guarantee with maturity of more than three months		3,084	4,128	6,645
		7,953	12,849	36,751

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government. At 31 December 2006, 2007 and 2008, cash at bank and in hand denominated in RMB amounted to RMB7,193,000, RMB10,647,000 and RMB13,628,000 respectively.

22 Bank loans

		31 December		
	Note	**2006**	**2007**	**2008**
		RMB'000	**RMB'000**	**RMB'000**
Short-term bank loans				
- secured	27(c)	—	238,066	9,940

As at 31 December 2007, bank loans of RMB5.5 million were secured by discounted bills and RMB232.5 million were guaranteed by CIMC.

As at 31 December 2008, bank loans of RMB9.9 million were secured by discounted bills.

The annual rate of interest charged on the bank loans ranged from 5.47% to 6.04% and 4.10% to 6.57% for the years ended 31 December 2007 and 2008 respectively.

The balances of credit facilities and amounts utilised are as follows:

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Total amount of credit facilities	487,000	703,000	950,000
Total amount utilised	245,973	352,509	141,333
Total amount available	241,027	350,491	808,667

As at 31 December 2006, credit facilities of RMB50 million were guaranteed by CIMC Vehicle Group and RMB53.5 million were guaranteed by CIMC.

As at 31 December 2007, credit facilities of RMB100 million were guaranteed by CIMC Vehicle Group and RMB78.5 million were guaranteed by CIMC.

As at 31 December 2008, credit facilities of RMB100 million were guaranteed by Nantong CIMC.

23 Trade creditors and bills payable

		31 December		
	Note	**2006**	**2007**	**2008**
		RMB'000	**RMB'000**	**RMB'000**
Trade creditors		212,981	185,583	197,251
Bills payable		20,698	74,491	72,315
	27(c)	233,679	260,074	269,566

An aging analysis of trade creditors and bills payable of the Target Group China is as follows:

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 month or on demand	107,883	99,619	102,686
After 1 month but within 3 months	82,223	128,182	101,000
After 3 months but within 6 months	31,910	19,407	48,038
After 6 months but within 12 months	8,670	10,348	10,757
Over 12 months	2,993	2,518	7,085
	233,679	260,074	269,566

All of the trade creditors and bills payable are expected to be settled within one year. The balance aged over 12 months represents the deposit of construction contracts and the amounts due to machine suppliers (note 20).

24 Other payables and accrued expenses

	Note	31 December 2006	2007	2008
		RMB'000	RMB'000	RMB'000
Advance from customers		49,501	94,097	118,606
Other taxes payable		9,491	1,036	6,052
Accrued expenses		11,129	24,332	27,006
Employees' bonus and welfare		29,424	34,262	6,701
Payable for construction work		4,859	5,067	6,706
Transportation and inspection fee payable		12,277	19,493	18,125
Commissions payable		1,740	4,269	2,139
Others		4,724	8,371	8,453
	27(c)	123,145	190,927	193,788

25 Income tax in the consolidated balance sheet

(a) Current taxation in the consolidated balance sheet represents:

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
At beginning of the year	9,345	7,176	14,077
Provision for PRC Enterprise Income Tax for the year	32,660	35,250	57,755
PRC Enterprise Income Tax paid	(34,674)	(27,619)	(57,020)
Exchange adjustment	(155)	(730)	(898)
At end of the year	7,176	14,077	13,914

(b) The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the Track Record Period are as follows:

	Provision for inventories	Allowance for doubtful debts	Provision for product warranties	Accrued expenses	Accrued irrecoverable input VAT	Financial assets/ (liabilities) held for trading	Withholding tax on dividend to foreign investors	Depreciation	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 1 January 2006	—	1,520	185	—	—	—	—	(3,947)	(2,242)
(Charged)/credited to consolidated income statement	—	(92)	1,768	5,224	—	—	—	—	6,900
Exchange adjustment	—	(17)	(37)	(110)	—	—	—	—	(164)
As at 31 December 2006 and 1 January 2007	—	1,411	1,916	5,114	—	—	—	(3,947)	4,494
Credited/(charged) to consolidated income statement	—	1,076	777	4,440	(3,899)	(1,282)	—	—	1,112
Exchange adjustment	—	(55)	(133)	(485)	138	46	—	—	(489)
As at 31 December 2007 and 1 January 2008	—	2,432	2,560	9,069	(3,761)	(1,236)	—	(3,947)	5,117
Credited/(charged) to consolidated income statement	11,900	573	3,771	3,687	(805)	4,832	(18,735)	62	5,285
Exchange adjustment	(179)	(79)	(204)	(652)	259	8	—	—	(847)
As at 31 December 2008	11,721	2,926	6,127	12,104	(4,307)	3,604	(18,735)	(3,885)	9,555

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Deferred tax assets recognised on the balance sheet	8,441	9,064	32,175
Deferred tax liabilities recognised on the balance sheet	(3,947)	(3,947)	(22,620)
	4,494	5,117	9,555

There is no unrecognized deferred tax asset or deferred tax liability as at 31 December 2006, 2007 and 2008.

26 Provisions

	2006	2007	2008
	RMB'000	RMB'000	RMB'000
At beginning of the year	9,733	15,898	20,478
Additional provision made	7,832	9,540	11,341
Provision utilised	(1,261)	(3,772)	(4,328)
Exchange adjustment	(406)	(1,188)	(1,275)
At end of the year	15,898	20,478	26,216

The Target Group China provides one to three years' after-sales repair warranty to the customers. The Target Group China provides repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of provisions recognised at the balance sheet date represents the Target Group China's estimated obligation for such warranty.

27 Capital and reserves

(a) Share capital

The share capital in the Target Group China's consolidated balance sheet as at 31 December 2008 represents the issued capital of Target Co China comprising 10,000 shares of USD1 each.

(b) Nature and purpose of reserves

(i) Merger reserve

As at 1 January 2006, the merger reserve comprised the 62% capital of Nantong CIMC owned by CIMC Tank Equipment and CIMC BVI which were under CIMC's common control but not within the Target Group China; and the consideration to acquire 97.05% equity in Zhangjiagang CIMC, the payment of which were made by CIMC Vehicle Group and CIMC Vehicle which were under CIMC's common control but not within the Target Group China.

The increase in merger reserve in 2006 represented the acquisition of minority interest in Nantong CIMC being the purchase cost of the remaining 38% of the capital, paid by CIMC Tank Equipment and CIMC BVI. After acquiring the issued capital of Nantong CIMC, the shareholders injected a further RMB 39 million to increase its registered share capital in 2006.

The increase in merger reserve in 2007 represented the use of the dividend declared by Nantong CIMC in previous year to increase the share equity instead of cash distribution.

The merger reserve movement in 2008 was the combined effect of the following:

- Assignment and waiver of debt arising from the acquisition of Zhangjiagang CIMC by Charm Ray.

  Charm Ray acquired 100% equity in Zhangjiagang CIMC from CIMC Vehicle Group, CIMC Vehicle, Zhong Yi Sheng and Mr. Xu Longfa. The consideration for aquiring the monority interest from Zhong Yi Sheng and Mr. Xu Longfa amounted to RMB 5 million. The considerations for acquiring the equity interests from CIMC Vehicle Group and CIMC Vehicle are RMB 130 million and RMB 45 million respectively. After the purchase agreement was signed, the payable to CIMC Vehicle Group, Zhong Yi Sheng and Mr. Xu Longfa for the purchase consideration were assigned to CIMC Vehicle, which subsequently waived the purchase consideration due to it from Charm Ray.

- Assignment of debt arising from the acquisition of Nantong CIMC by Win Score.

  Win Score acquired 100% equity in Nantong CIMC from CIMC Tank Equipment and CIMC BVI with consideration of RMB 466 million. After the purchase agreement was signed, the payable to CIMC Tank Equipment and CIMC BVI were assigned to CIMC HK.

(ii) Statutory reserve fund include the following items:

Statutory surplus reserve

According to the PRC Company Law, the subsidiary Zhangjiagang CIMC as a PRC limited liability company is required to transfer 10% of its profit after taxation, as determined under PRC Accounting Regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

From 25 November 2005, Zhangjiagang CIMC was transformed into a foreign investment company and no further transfer to statutory surplus reserve was required since then.

Statutory public welfare fund

Prior to 1 January 2006, according to the then PRC Company Law, the subsidiary Zhangjiagang CIMC as a PRC limited liability company is required to transfer 5% to 10% of its profit after taxation, as determined under PRC Accounting Regulations, to the statutory public welfare fund. Transfer made prior to 1 January 2006 was 5% of the profit after taxation of the respective year. This fund could only be utilised on capital items for the collective benefits of the Zhangjiagang CIMC's employees such as the construction of dormitories, canteen and other staff welfare facilities. This fund was non-distributable other than in liquidation. The transfer to this reserve must be made before distribution of a dividend to shareholders.

From 25 November 2005, Zhangjiagang CIMC was transformed into a foreign investment company and no further transfer to statutory public welfare fund was required since then.

(c) Capital management

The Target Group China's primary objectives when managing capital are to safeguard the Target Group China's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Target Group China actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Target Group China monitors its capital structure on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (which includes interest-bearing loans and borrowings, trade creditors and bills payable, other payables and accrued expenses and amounts due to related parties) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of Target Co China, as shown in the consolidated balance sheet, plus net debt. The Target Group China may adjust the amount of dividends paid to equity shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The gearing ratios as at 31 December 2006, 2007 and 2008 are as follows:

		31 December		
	Note	2006	2007	2008
		RMB'000	RMB'000	RMB'000
Bank loans	22	—	238,066	9,940
Amounts due to related parties	31(e)	188,480	557,075	401,817
Trade creditors and bills payable	23	233,679	260,074	269,566
Other payables and accrued expenses	24	123,145	190,927	193,788
Less: cash and cash equivalents	21	(4,869)	(8,721)	(30,106)
Net debt		540,435	1,237,421	845,005
Equity attributable to equity shareholders of Target Co China		572,543	683,229	988,003
Total		1,112,978	1,920,650	1,833,008
Gearing Ratio		48.56%	64.43%	46.10%

Target Co China is not subject to externally imposed capital requirements.

28 Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Target Group China's business. These risks are limited by the Target Group China's financial management policies and practices described below:

(a) Credit risk

The Target Group China's credit risk is primarily attributable to trade debtors and bills receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade debtors and bills receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount.

These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than six months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Target Group China does not obtain collateral from customers.

The Target Group China's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As at the balance sheet dates, the Target Group China has a certain concentration of credit risk as 3%, 24% and 0% of the total trade debtors and bills receivables was due from the Target Group China's largest customer and 45%, 41% and 31% was due from the five largest customers of the Target Group China as at 31 December 2006, 2007 and 2008 respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Target Group China does not provide financial guarantees to parties outside the Target Group China which would expose the Target Group China to credit risk.

Further quantitative disclosures in respect of the Target Group China's exposure to credit risk arising from trade debtors and bills receivable are set out in note 18.

(b) Liquidity risk

Individual operating entities within the Target Group China are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the parent company when the borrowings exceed certain predetermined levels of authority. The Target Group China's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Target Group China's interest rate risk arises primarily from short-term borrowings and bank deposits. Borrowings at variable rates expose the Target Group China to cash flow interest rate risk. The Target Group China's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Net fixed rate financial instruments:			
Bank loans	—	(238,066)	(9,940)
Variable rate financial instruments:			
Cash at bank	7,688	12,535	36,703
Amounts due from related parties	68,851	5,746	19,051
Amounts due to related parties	(326,535)	(599,642)	(442,897)
	(249,996)	(581,361)	(387,143)

(ii) Sensitivity analysis

As at 31 December 2006 , 2007 and 2008, it is estimated that a general increase/decrease of 54 basis points in interest rates, with all other variables held constant, would decrease/increase the Target Group China's after tax and retained profits by approximately RMB855,000, RMB1,936,000, RMB1,829,000 in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 54 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007 and 2006.

(d) Foreign currency risk

(i) Forecast transactions

The Target Group China is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the US dollars.

Depreciation or appreciation of the Renminbi against foreign currencies can affect the Target Group China's results. The Target Group China does not hedge its foreign currency exposure other than by retaining its foreign currency denominated earnings and receipts to the extent permitted by the State Administration of Foreign Exchange.

The Target Group China entered into certain foreign exchange forward contracts to manage its foreign currency risk. Pursuant to these forward contracts, the Target Group China is required to buy U.S. dollar/sell RMB of contracted nominal value at agreed rates at the contract settlement dates. These forward contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. As at 31 December 2007 and 2008, the nominal value of these contracts amounted to USD55,000,000 and USD56,000,000 respectively, and the Target Group China recognised the aforesaid forward contracts at their fair values as derivative financial instruments of RMB9,892,000 and financial liabilities held for trading of RMB14,413,000 respectively. Transaction costs on realisation have not been considered when calculating the fair values.

(ii) Recognised assets and liabilities

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Target Group China ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) Exposure to currency risk

The following table details the Target Group China's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the Renminbi.

	31 December 2006			31 December 2007			31 December 2008		
	USD'000	Euro'000	GBP'000	USD'000	Euro'000	GBP'000	USD'000	Euro'000	GBP'000
Cash at bank and in hand	97	—	—	302	—	—	3,375	9	—
Trade debtors and bills receivable	24,350	—	—	77,055	—	—	49,553	46	—
Prepayments	1,819	—	—	6,515	—	—	652	—	—
Advance from customers	—	—	—	—	—	—	(3,138)	—	—
Bank loans	—	—	—	(31,840)	—	—	—	—	—
Trade creditors and bills payable	(7,540)	(615)	(821)	(2,144)	(315)	(2,124)	(1,828)	(553)	(2,454)
Overall net exposure	18,726	(615)	(821)	49,888	(315)	(2,124)	48,614	(498)	(2,454)

(iii) Sensitivity analysis

The following table indicates the approximate change in the Target Group China's profit after tax (and retained profits) in response to reasonably possible changes in the foreign exchange rates to which the Target Group China has significant exposure at the balance sheet date.

	31 December 2006		31 December 2007		31 December 2008	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rate**	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rate**	**Effect on profit after tax and retained profits**
	%	**RMB'000**	**%**	**RMB'000**	**%**	**RMB'000**
USD	6%	7,756	6%	19,338	1%	2,874
	(6%)	(7,756)	(6%)	(19,338)	(1%)	(2,874)
Euro	4%	(209)	4%	(111)	12%	(444)
	(4%)	209	(4%)	111	(12%)	444
GBP	5%	(538)	5%	(1,321)	1%	(211)
	(5%)	538	(5%)	1,321	(1%)	211

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at each Track Record Period end.

29 Segment

Segment information is presented in respect of the Target Group China's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Target Group China's internal financial reporting. As the Target Group China mainly operates in the PRC, no geographical segment information is presented.

Year ended 31 December 2006:

	Transportation equipment	Storage equipment	Project engineering	Processing equipment	Unallocated items	Total
Revenue from external customers	**1,463,051**	**217,296**	**106,576**	**358**	**—**	**1,787,281**
Other revenue from external customers	—	—	—	—	56,773	56,773
Total	1,463,051	217,296	106,576	358	56,773	1,844,054
Segment result	349,386	33,826	8,596	(42)	56,773	448,539
Unallocated operating income and expenses	—	—	—	—	120,510	120,510
Profit from operations						328,029
Finance costs	—	—	—	—	20,291	20,291
Taxation	—	—	—	—	25,760	25,760
Profit after taxation						281,978
Depreciation and amortisation for the year	11,691	1,736	851	3	—	14,281
Impairment of:						
- Other receivables	(2)	—	—	—	(172)	(174)
- Trade receivables	(1,183)	—	—	—	1,667	484
Significant non-cash expenses (other than depreciation and amortisation)	6,315	—	—	—	1,517	7,832
Segment assets	752,363	—	—	—	—	752,363
Unallocated assets	—	—	—	—	558,606	558,606
Total assets						1,310,969
Segment liabilities	379,062	—	—	—	—	379,062
Unallocated liabilities	—	—	—	—	353,610	353,610
Total liabilities						732,672
Capital expenditure incurred during the year	69,318	10,295	5,049	17	—	84,679

Year ended 31 December 2007:

	Transportation Equipment	Storage equipment	Project engineering	Processing equipment	Unallocated items	Total
Revenue from external customers	**2,333,594**	**338,697**	**63,680**	**3,098**	**—**	**2,739,069**
Other revenue from external customers	—	—	—	—	103,378	103,378
Total	2,333,594	338,697	63,680	3,098	103,378	2,842,447
Segment result	449,431	39,950	8,382	182	103,378	601,323
Unallocated operating income and expenses	—	—	—	—	196,539	196,539
Profit from operations						404,784
Finance costs	—	—	—	—	43,464	43,464
Taxation	—	—	—	—	34,138	34,138
Profit after taxation						327,182
Depreciation and amortisation for the year	18,815	2,731	514	25	—	22,085
Impairment of:						
- Other receivables	234	—	—	—	20	254
- Trade receivables	6,211	—	—	—	2,708	8,919
Significant non-cash expenses (other than depreciation and amortisation)	5,045	—	—	—	2,468	7,513
Segment assets	1,356,638	—	—	—	—	1,356,638
Unallocated assets	—	—	—	—	717,247	717,247
Total assets						2,073,885
Segment liabilities	852,337	—	—	—	—	852,337
Unallocated liabilities	—	—	—	—	533,129	533,129
Total liabilities						1,385,466
Capital expenditure incurred during the year	103,393	15,006	2,821	137	—	121,357

Year ended 31 December 2008:

	Transportation equipment	Storage equipment	Project engineering	Processing equipment	Unallocated items	Total
Revenue from external customers	**2,728,639**	**394,140**	**172,240**	**20,148**	**—**	**3,315,167**
Other revenue from external customers	—	—	—	—	145,394	145,394
Total	2,728,639	394,140	172,240	20,148	145,394	3,460,561
Segment result	535,292	49,836	11,563	4,648	60,821	662,160
Unallocated operating income and expenses					233,296	233,296
Profit from operations						428,864
Finance costs	—	—	—	—	38,717	38,717
Taxation	—	—	—	—	52,470	52,470
Profit after taxation						337,677
Depreciation and amortisation for the year	22,606	3,265	1,427	168	—	27,466
Impairment of:						
- Other receivables	(71)	—	—	—	48	(23)
- Trade receivables	(2,782)	—	—	—	952	(1,830)
Write-down of inventories	47,603	—	—	—		47,603
Significant non-cash expenses (other than depreciation and amortisation)	6,062	—	—	—	2,913	8,975
Segment assets	1,311,090	—	—	—	—	1,311,090
Unallocated assets	—	—	—	—	699,507	699,507
Total assets						2,010,597
Segment liabilities	544,525	—	—	—	—	544,525
Unallocated liabilities	—	—	—	—	478,069	478,069
Total liabilities						1,022,594
Capital expenditure incurred during the year	116,982	16,898	7,383	864	—	142,127

30 Commitments

(a) Capital commitments outstanding at each balance sheet date not provided for in the Financial Information were as follows:

	31 December		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Contracted but not provided for			
- Plant and buildings	5,920	9,599	6,937
- Machinery	149	16,212	16,851
- Lease prepayments	—	—	78,945
- Others	5	237	—
Total	6,074	26,048	102,733

31 Material related party transactions

(a) Relationship between Target Co China and related parties:

Name of related parties	**Relationship with the Target Group China**
CIMC	Ultimate holding company
CIMC HK	Immediate holding company
CIMC Vehicle (Group) Co., Ltd.	Ex-equity shareholder of Zhangjiagang CIMC/Fellow susidiary
CIMC Vehicle	Ex-equity shareholder of Zhangjiagang CIMC/Fellow subsidiary
CIMC Tank Equipment	Ex-equity shareholder of Nantong CIMC/Fellow subsidiary
CIMC BVI	Ex-equity shareholder of Nantong CIMC/Fellow subsidiary
Holvrieka China Co., Ltd.	Fellow subsidiary
Nantong CIMC Transportation and Storage Equipment Co., Ltd.	Fellow subsidiary
Nantong CIMC-Special Transportation Equipment Manufacture Co., Ltd.	Fellow subsidiary
Nantong CIMC-Smooth Sail Container Co., Ltd.	Fellow subsidiary
Qingdao CIMC Container Manufacture Co., Ltd.	Fellow subsidiary
Ningbo CIMC Vehicle Sales Services Co., Ltd.	Fellow subsidiary
Dalian CIMC Container Co., Ltd.	Fellow subsidiary
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Fellow subsidiary
Enric (Bengbu) Compressor Company Limited	Fellow subsidiary
Zhangzhou CIMC Container Co., Ltd.	Fellow subsidiary
Ningbo CIMC Logistics Equipment Co., Ltd.	Fellow subsidiary
Taicang CIMC Containers Co., Ltd.	Fellow subsidiary
Yangzhou CIMC Tonghua Special Vehicles Co., Ltd.	Fellow subsidiary
Shanghai CIMC Automobile Sales Service Co., Ltd.	Fellow subsidiary
Zhumadian CIMC Huajun Vehicle Co., Ltd.	Fellow subsidiary
Yangzhou Tonglee Reefer Equipment Co., Ltd.	Fellow subsidiary
CIMC Vehicle Financing and Leasing Co., Ltd.	Fellow subsidiary
CIMC Vehicle (Xinjiang) Co., Ltd.	Fellow subsidiary
Beijing Enric Energy Technologies Limited	Fellow subsidiary
Shenzhen CIMC Special Vehicle Co., Ltd.	Fellow subsidiary
CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd	Fellow subsidiary
Shenzhen CIMC Intelligent Technology Co., Ltd.	Fellow subsidiary
Hemple-Haihong (Kunshan) Co., Ltd.	Subsidiary of ultimate holding company's shareholder

(b) Loans to key management personnel

Name of borrower	Shi Caixing	Jiang Dong	Xu Yongsheng	Tang Jiaxiong	Jiang Pingan*	Liu Xudong	Zhang Xian
Position	Director/ General Manager of Zhangjiagang CIMC	Deputy General Manager of Zhangjiagang CIMC	Deputy General Manager of Zhangjiagang CIMC	Deputy General Manager of Zhangjiagang CIMC	Chief Engineer Officer of Zhangjiagang CIMC	General Management Assistant of Zhangjiagang CIMC	General Management Assistant of Nantong CIMC
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Terms of loan							
- Duration and repayment terms	5 years	5 years	5 years	5 years (300,000)/ 1 year (150,000)	5 years	1 year	3 years
- Loan amount	200,000	150,000	150,000	450,000	150,000	320,000	120,000
- Interest rate	None	None	None	None	None	None	None
- Security	None	None	None	None	None	None	None
Balance of the loan							
- at 31 December 2006	200,000	150,000	150,000	150,000	150,000	—	120,000
- at 31 December 2007	200,000	150,000	150,000	150,000	150,000	—	120,000
- at 31 December 2008	200,000	150,000	150,000	350,000	—	—	80,000
Maximum balance outstanding							
- during 2006	200,000	150,000	150,000	150,000	150,000	—	120,000
- during 2007	200,000	150,000	150,000	150,000	150,000	—	120,000
- during 2008	200,000	150,000	150,000	450,000	150,000	320,000	120,000

The balances of loans to key management personnel were recorded within "Deposits, other receivables and repayment — staff advances". There was no amount due but unpaid, nor any provision made against the principal amount of or interest on these loans at 31 December 2006, 2007 and 2008.

** Jiang Pingan left Zhangjiagang CIMC in May 2008 and was no longer the key management personnel for Target Group China in 2008.*

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the highest paid employees as disclosed in note 7, is as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	989	1,051	2,050

Total remuneration is included in "staff costs" (see note 4(c)).

(d) Transactions with the Target Group China's related parties

		Year ended 31 December		
		2006	2007	2008
		RMB'000	RMB'000	RMB'000
Sales of goods	(i)	1,735	13,099	131,037
Purchase of goods	(ii)	24,521	38,675	80,632
Other services revenue	(iii)	7,413	7,288	24,647
Other services expense	(iv)	—	—	568
Sales commission		10,412	12,243	14,483
Interest expenses	(v)	12,241	27,080	53,393
Interest revenues	(v)	1,169	3,637	11,305
Guarantee obtained	(vi)	103,500	178,500	—
Proceeds from related parties	(vii)	559,851	1,625,144	1,416,269
Payments to related parties	(vii)	684,246	1,180,745	1,628,212
Transaction cost for purchase of Nantong CIMC and Zhangjiagang CIMC	(viii)	—	—	645,915
Debt transfer	(ix)	—	—	600,940
Debt waiver	(x)			44,975

(i) Sales to related parties mainly represent the sale of tank and other tailor-made special containers.

(ii) Purchases from related parties mainly represent purchases of raw materials and accessories for production.

(iii) Other services revenue represented the services for preliminary processing of steel and testing service of equipment.

(iv) It represented the cost of preliminary processing of steel and testing service of equipment.

(v) These represented interest incomes and expenses regarding amount due from/to CIMC, its subsidiaries and CIMC Vehicle Group with annum interest rate ranging from 4% to 6.5%, for the years ended 31 December 2006, 2007 and 2008.

(vi) CIMC provided guarantee to Nantong CIMC for the credit facilities, and CIMC Vehicle Group and Nantong CIMC provided guarantee to Zhangjiagang CIMC for the credit facilities.

(vii) These represented the cash advances from/to CIMC, its subsidiaries and CIMC Vehicle Group.

(viii) It represented the consideration for the acquisition of Nantong CIMC from CIMC and CIMC Tank Equipment.

(ix) It represented the assignment of the debts:

— to CIMC HK (for the acquisition of Nantong CIMC, RMB466,015,000);

— to CIMC Vehicle (for the acquisition of Zhangjiagang CIMC, RMB134,925,000).

(x) It represented the waiver of the debt by CIMC Vehicle for the acquisition of Zhangjiagang CIMC.

The directors of Target Co China are of the opinion that the sales, purchase, other services, and commission were conducted on normal commercial terms and in the ordinary and usual course of the Target Group China's business.

The directors of Target Co. China are of the opinion that the trade nature related parties transactions except for sales commission, including sales, purchase and other services, will continue; while sales commission and the non-trade nature related party transactions will not continue after the Proposed Transactions.

(e) Balances with the Target Group China's related parties

		31 December		
		2006	**2007**	**2008**
		RMB'000	**RMB'000**	**RMB'000**
Amounts due from related parties				
- trade	(i)	—	900	8,218
- non-trade	(i)/(ii)	68,851	5,746	19,120
		68,851	6,646	27,338
Amounts due to related parties				
- trade	(i)	(7,970)	(15,805)	(13,461)
- non-trade	(i)/(ii)	(180,510)	(541,270)	(388,356)
Amounts due to ex-equity shareholders of Zhangjiagang CIMC and Nantong CIMC ("Ex-equity Shareholders")	(iii)	(160,347)	(100,822)	(70,320)
		(348,827)	(657,897)	(472,137)

(i) The outstanding balances with related parties are unsecured and have no fixed repayment terms.

(ii) These represented the cash advances from/to CIMC, its subsidiaries and CIMC Vehicle Group.

(iii) The amounts due to Ex-equity Shareholders as at 31 December 2006 and 2007 represented the dividends payable to the Ex-equity Shareholders. As at 31 December 2008, the balance is comprised of dividends of RMB55 million and reinvestment tax refund received from the tax bureau of RMB8 million payable to ex-equity shareholders of Nantong CIMC and dividends of RMB7 million payable to ex-equity shareholders of Zhangjiagang CIMC.

The directors of the Target Co China are of the opinion that all amounts due from/to related parties (other than trade-related nature) and due to Ex-equity Shareholders will be waived or repaid, prior to completion of the Proposed Transactions.

32 Parent and ultimate holding company

At 31 December 2008, the directors consider the parent company to be CIMC HK incorporated in Hong Kong, which does not produce financial statements available for public use. The directors consider the ultimate holding company to be CIMC incorporated in PRC, which produces financial statements available for public use.

33 Significant accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Target Group China makes assumptions of the effects of uncertain future events on those assets and liabilities as at the balance sheet dates. The Target Group China's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Target Group China's accounting policies.

(a) Impairment

In considering the impairment losses that may be required for certain of the Target Group China's assets which include property, plant and equipment, construction in progress, intangible assets and lease prepayments (see note 1(k) (ii)), the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price and amount of operating costs. The Target Group China uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that have to be applied is the ability of the debtors to settle the receivables. Notwithstanding that the Target Group China has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(b) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Target Group China reviews the estimated useful lives of the assets regularly. The useful lives are based on the Target Group China's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Valuation of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in technique and competitor actions in response to adverse industry cycles. Management reassess these estimates at each balance sheet date.

(d) Warranty provisions

As described in note 26, the Target Group China makes provisions under the warranties it gives on sale of its products taking into account the Target Group China's recent claim experience. Any increase or decrease in the provision will affect profit or loss in future years.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the accounting period ended 31 December 2008

Up to the date of issue of the Financial Information, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the period ended 31 December 2008 and which have not been adopted in the Financial Information:

The Target Group China is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Target Group China's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the Financial Information:

	Effective for accounting periods beginning on or after
HKFRS 8, *Operating Segments*	1 January 2009
Revised HKAS 1, *Presentation of Financial Statements*	1 January 2009
Revised HKAS 23, *Borrowing Costs*	1 January 2009
Revised HKFRS 3, *Business Combinations*	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
Revised HKAS 27, *Consolidated and Separate Financial Statements*	1 July 2009

35 First time adoption of HKFRSs

(a) Reconciliation of total equity as at 1 January 2006 (date of transition to HKFRSs) and at 31 December 2008 (end of the latest period presented in the most recent annual Financial Information under PRC GAAP):

	1 January 2006	31 December 2008
	RMB'000	RMB'000
Total equity of the Target Group China under PRC GAAP	424,467	988,003
Total equity of the Target Group China under HKFRSs	424,467	988,003

(b) Consolidated profit of the Target Group China for the year ended 31 December 2008:

	RMB'000
Consolidated profit of the Target Group China under PRC GAAP	337,677
Consolidated profit of the Target Group China under HKFRSs	337,677

36 Balance sheet of Target Co China

	Note	31 December 2007	31 December 2008
		RMB	RMB
Non-current assets			
Investment in subsidiary	(a)	—	207,986,478
Amounts due from related parties	(b)	7	68,244
Total assets		7	208,054,722
Current liabilities			
Amount due to related party	(c)	—	7
Net assets		7	208,054,715
Capital and reserves			
Share capital	(d)	7	68,244
Reserves	(e)	—	207,986,471
TOTAL EQUITY		7	208,054,715

Notes:

(a) Investment in subsidiaries comprises the investment cost of USD1 in Manner Kind and RMB207,986,000 in Perfect Vision. Details of the subsidiaries and Reorganisation are set out in Section A.

(b) Amounts due from related parties represent the amounts receivable from CIMC HK and CIMC Vehicle Group.

(c) Amount due to related party as at 31 December 2008 represents the amount payable to Manner Kind.

(d) Target Co China was incorporated in the BVI on 11 December 2007 with an authorised share capital of USD50,000 comprising 50,000 ordinary shares of USD1 each of which one subscriber share was issued in 2007. On 9 April 2008, Perfect Vision acquired the entire issued share capital of one share of HK$1 of Charm Ray on 28 January 2008.

(e) Reserves represented the merger reserve arising from acquisition of Perfect Vision and its subsidiaries.

37 Subsequent financial statements

No audited financial statements have been prepared by Target Co China or any of the companies comprising the Target Group China in respect of any period subsequent to 31 December 2008.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

3 June 2009

The Directors
Enric Energy Equipment Holdings Limited
Deutsche Bank AG, Hong Kong Branch
China Merchants Securities (HK) Co., Limited

Dear Sirs

Introduction

We set out below our report on the financial information relating to Holvrieka Holding B.V. ("Holvrieka Holding") and its subsidiaries (hereinafter collectively referred to as the "Holvrieka Group"), including the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements of the Holvrieka Group, for each of the years ended 31 December 2006, 2007 and 2008 (the "Track Record Period") and the consolidated balance sheets of the Holvrieka Group as at 31 December 2006, 2007 and 2008, together with the notes thereto (the "Financial Information"), for inclusion in the circular issued by Enric Energy Equipment Holdings Limited (the "Company") dated 3 June 2009 (the "Circular") in connection with the proposed acquisition (the "Proposed Transactions") of the Holvrieka Group by the Company, as described more fully in the section headed "Letter from the Board" contained in the Circular.

Holvrieka Holding was incorporated in the Netherlands on 16 July 1976. Holvrieka Holding is the holding company of the subsidiaries now comprising the Holvrieka Group, details of which are set out in Section A below.

As at the date of this report, no audited financial statements have been prepared for a subsidiary of Holvrieka Holding, namely Holvrieka de México, S.A. de C.V. as it has been dormant for a certain period of time and is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdictions of incorporation. The Holvrieka Group management is of the opinion that the assets and liabilities of this entity as at 31 December 2006, 2007 and 2008 are very insignificant, and exclusion of the financial positions of this entity would not have material impact on the Holvrieka Group's consolidated financial statements for the years ended 31 December 2006, 2007 and 2008. Thus, the Holvrieka Group did not consolidate the financial statements of Holvrieka de México, S.A. de C.V.

Further, no statutory financial statements have been prepared for Noordkoel B.V. for the years ended 31 December 2007 and 2008 because the subsidiary is a small legal entity for which audited statutory financial statements are not required by law. The Holvrieka Group voluntarily requested the auditor to perform an audit for the year ended 31 December 2006.

The statutory financial statements of the other companies comprising the Holvrieka Group were prepared either in accordance with the Dutch Generally Accepted Accounting Principles issued by the Netherlands Accounting Standards Board, Danish Generally Accepted Accounting Principles issued by the Danish Accounting Standards Committee, or Belgian Generally Accepted Accounting Principles issued by the Belgian Accounting Standards Board, and were audited during the Track Record Period by the respective statutory auditors as set out below:

Name of entities	2006	2007	2008
Holvrieka Holding	Deloitte Accountants B.V.	Deloitte Accountants B.V.	KPMG Accountants N.V.
Holvrieka Ido B.V.	Deloitte Accountants B.V.	Deloitte Accountants B.V.	KPMG Accountants N.V.
Noordkoel B.V.	Deloitte Accountants B.V.	—	—
Holvrieka Nirota B.V.	Deloitte Accountants B.V.	Deloitte Accountants B.V.	KPMG Accountants N.V.
Holvrieka N.V.	Mazars Accountant BVBA Ghent	Mazars Accountant BVBA Ghent	Mazars Accountant BVBA Ghent
Holvrieka Danmark A/S	Deloitte Statsautoriseret Revisionsaktieselskab	Deloitte Statsautoriseret Revisionsaktieselskab	KPMG Statsautoriseret Revisionspartnerselskab

Basis of preparation

The Financial Information has been prepared by the directors of Holvrieka Holding based on the audited financial statements, or where appropriate, unaudited management accounts of the entities comprising the Holvrieka Group, on the basis set out in Section A below, after making such adjustments as are appropriate. Adjustments have been made, for the purpose of this report, to restate these financial statements to conform with the accounting policies referred to in Section C, which are in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") promulgated by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. HKFRSs include Hong Kong Accounting Standards and related Interpretations.

Respective responsibilities of directors and reporting accountants

The directors of Holvrieka Holding are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our audit.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited any financial statements of the companies comprising the Holvrieka Group in respect of any period subsequent to 31 December 2008.

Opinion

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the Financial Information, on the basis of presentation set out in Section A below and in accordance with the accounting policies set out in Section C below, gives a true and fair view of the Holvrieka Group's consolidated results and cash flows for the Track Record Period, and of the state of affairs of the Holvrieka Group and Holvrieka Holding as at 31 December 2006, 2007 and 2008.

A BASIS OF PRESENTATION

Holvrieka Holding was incorporated in the Netherlands on 16 July 1976 and has its registered office at Kapitein Grantstraat 8, 7801AR, Emmen. The main activities of the Holvrieka Group are the production and sales of rust-resistant process and storage tanks, silo's, tank terminals, tank modules for the maritime industry sector, as well as equipment and tank containers for tank trucks.

As at the date of this report, Holvrieka Holding had direct interests in the following subsidiaries and associate, all of which are private companies:

Name of subsidiary/ associate	Place and date of incorporation/ establishment	Registered/ issued/ paid-in capital	Percentage of direct/indirect equity shareholding held by Holvrieka Holding		Principal activities
			Direct	Indirect	
Holvrieka Ido B.V.	The Netherlands (established on 1 November 1963)	1,362 shares of €100 each	100%	—	Sales & engineering of tanks
Noordkoel B.V.	The Netherlands (established on 20 October 1977)	1,000 shares of €100 each	100%	—	Manufacturing of tanks
Holvrieka Nirota B.V.	The Netherlands (established on 8 June 1961)	500 shares of €455 each	100%	—	Sales, engineering & manufacturing of tanks
Holvrieka N.V.	Belgium (established on 1 September 1974)	4,000 shares of € 247.89 each	99.98%	—	Sales, engineering & manufacturing of tanks

Name of subsidiary/ associate	Place and date of incorporation/ establishment	Registered/ issued/ paid-in capital	Percentage of direct/indirect equity shareholding held by Holvrieka Holding		Principal activities
			Direct	Indirect	
Holvrieka Danmark A/S	Denmark (established on 2 March 1978)	23 shares of DKK 43,478.30 each	100%	—	Sales, engineering & manufacturing of tanks
Holvrieka de México, S.A. de C.V.	Mexico (established on 24 June 1999)	50 shares of 1000 Mexican Pesos each	2%	98%	Dormant

As mentioned previously, Holvrieka de México, S.A. de C.V. has not been included in the Holvrieka Group's consolidated financial statements for the years ended 31 December 2006, 2007 and 2008.

B FINANCIAL INFORMATION

1 Consolidated income statements

	Section C Note	Year ended 31 December 2006	2007	2008
		€'000	€'000	€'000
Turnover	*2*	81,954	107,385	121,433
Cost of sales		(74,202)	(90,207)	(101,096)
Gross profit		7,752	17,178	20,337
Change in fair value of derivative financial instruments		—	—	(4)
Other revenue	*3*	606	652	644
Other net income	*3*	188	28	81
Selling expenses		(1,525)	(1,551)	(1,560)
Administrative expenses		(4,470)	(4,815)	(5,695)
Profit from operations		2,551	11,492	13,803
Finance costs	*4(a)*	(287)	(736)	(853)
Profit before taxation		2,264	10,756	12,950
Income tax	*5*	(514)	(2,858)	(3,353)
Profit for the year		1,750	7,898	9,597
Attributable to equity shareholders of Holvrieka Holding		1,750	7,898	9,597
Dividend				
Interim dividend attributable to the year	*8*	—	4,000	—
Earnings per share	*10*			
- Basic		0.029	0.131	0.159
- Diluted		N/A	N/A	N/A

The accompanying notes form part of the Financial Information.

2 **Consolidated balance sheets**

	Section C Note	31 December 2006	2007	2008
		€'000	€'000	€'000
Non-current assets				
Property, plant and equipment	*11*	5,127	4,948	6,190
Intangible assets		—	—	46
Construction in progress	*12*	—	70	321
Other financial assets	*13*	1,000	1,841	958
		6,127	6,859	7,515
Current assets				
Derivative financial instruments	*14*	—	—	9
Inventories	*15*	14,366	14,772	11,378
Trade receivables	*16*	19,644	17,365	17,107
Deposits, other receivables and prepayments	*17*	8,562	14,597	15,613
Amounts due from related parties	*32(c)*	5,022	8,027	14,182
Current tax recoverable	*25(a)*	1,258	—	—
Cash and cash equivalents	*19*	531	7,558	6,347
		49,383	62,319	64,636
Current liabilities				
Derivative financial instruments	*14*	—	—	13
Bank loans and overdrafts	*21*	3,751	1,697	6,012
Trade payables	*23*	11,696	12,034	10,067
Other payables and accrued expenses	*24*	11,712	16,830	14,998
Current tax payable	*25(a)*	—	1,987	460
Amounts due to related parties	*32(c)*	6,047	8,582	7,805
Employee benefit liabilities	*22*	8	27	30
Provisions	*26*	133	144	240
		33,347	41,301	39,625
Net current assets		16,036	21,018	25,011
Total assets less current liabilities		22,163	27,877	32,526
Non-current liabilities				
Interest bearing loans	*20*	—	4,000	—
Amounts due to related parties	*32(c)*	2,252	1,487	761
Employee benefit liabilities	*22*	225	251	251
Provisions	*26*	1,497	766	461
Deferred tax liabilities	*25(b)*	1,817	1,103	1,186
		5,791	7,607	2,659
NET ASSETS		16,372	20,270	29,867

The accompanying notes form part of the Financial Information.

	Section C Note	31 December 2006	2007	2008
		€'000	€'000	€'000
CAPITAL AND RESERVES	*27*			
Share capital		6,038	6,038	6,038
Reserves		10,334	14,232	23,829
Total equity attributable to equity shareholders of Holvrieka Holding		16,372	20,270	29,867
TOTAL EQUITY		16,372	20,270	29,867

The accompanying notes form part of the Financial Information.

3 Consolidated statements of changes in equity

	Attributable to equity shareholders of Holvrieka Holding			
	Share capital	Other reserve	Retained earnings	Total equity
	€'000	€'000	€'000	€'000
At 1 January 2006	6,038	419	8,165	14,622
Profit for the year	—	—	1,750	1,750
Appropriations / transfers	—	369	(369)	—
At 31 December 2006 and 1 January 2007	6,038	788	9,546	16,372
Profit for the year	—	—	7,898	7,898
Appropriations / transfers	—	(142)	142	—
Dividend declared and paid during the year	—	—	(4,000)	(4,000)
At 31 December 2007 and 1 January 2008	6,038	646	13,586	20,270
Profit for the year	—	—	9,597	9,597
Appropriations / transfers	—	145	(145)	—
At 31 December 2008	6,038	791	23,038	29,867

The accompanying notes form part of the Financial Information.

4 **Consolidated cash flow statements**

	Year ended 31 December		
	2006	2007	2008
	€'000	€'000	€'000
Operating activities			
Profit before taxation	2,264	10,756	12,950
Adjustments for:			
Interest income	(609)	(652)	(644)
Interest expenses	250	702	853
Depreciation	1,067	989	1,258
Foreign exchange loss / (gain)	37	34	(46)
Change in fair value of derivative financial instruments	—	—	4
Gain on disposal of property, plant and equipment	(188)	(28)	(35)
Operating profit before changes in working capital	2,821	11,801	14,340
(Increase) / decrease in inventories	(8,821)	(406)	3,394
Decrease in trade receivables	322	2,279	258
Decrease / (increase) in deposits, other receivables and prepayments	41	(6,035)	(1,016)
Increase in amounts due from related parties	(157)	(105)	(1,655)
Increase / (decrease) in trade payables	4,338	338	(1,967)
(Decrease) / increase in other payables and accrued expenses	(4,804)	4,922	(1,912)
(Decrease) / increase in amounts due to related parties	(1,257)	388	262
Increase in employee benefit liabilities	21	45	3
Increase / (decrease) in provisions	1,398	(720)	(209)
Cash (used in) / generated from operations	(6,098)	12,507	11,498
Income tax refunded / (paid)	5	(327)	(4,797)
Net cash (used in) / generated from operating activities	(6,093)	12,180	6,701

The accompanying notes form part of the Financial Information.

	Section C	Year ended 31 December		
		2006	2007	2008
	Note	€'000	€'000	€'000
Investing activities				
Purchase of property, plant and equipment, and construction in progress and intangible assets		(1,055)	(940)	(2,799)
Proceeds from disposal of property, plant and equipment		254	90	37
Loans to related parties		(4,100)	(2,900)	(4,500)
Repayment of loans to related parties		2,000	—	—
Loans to customers		—	(1,841)	—
Repayment of loans to customers		636	1,000	883
Interests received		609	652	621
Net cash used in investing activities		(1,656)	(3,939)	(5,758)
Financing activities				
Proceeds from bank loans		—	4,000	—
Proceeds from related parties borrowings		6,131	2,000	2,000
Repayments of related parties borrowings		(1,364)	(618)	(3,765)
Interests paid		(343)	(538)	(704)
Dividend paid to equity shareholders of Holvrieka Holding		—	(4,000)	—
Net cash generated from / (used in) financing activities		4,424	844	(2,469)
Net (decrease) / increase in cash and cash equivalents		(3,325)	9,085	(1,526)
Cash and cash equivalents at beginning of the year	*19*	102	(3,220)	5,861
Effect of foreign exchange rate changes		3	(4)	—
Cash and cash equivalents at end of the year	*19*	(3,220)	5,861	4,335

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) ***Statement of compliance***

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes Hong Kong Accounting Standards and related interpretations promulgated by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The Financial Information is the first set of the Holvrieka Group's Financial Information prepared in accordance with HKFRSs. HKFRS 1, "First-time Adoption of Hong Kong Financial Reporting Standards", has been applied in preparing the Financial Information. An explanation of how the transition from accounting principles generally accepted in the Netherlands ("Dutch GAAP") to HKFRSs has affected the reported financial position, financial results and cash flows is set out in note 36.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Holvrieka Group has adopted all these new and revised HKFRSs in the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting year ended 31 December 2008. The revised and new accounting standards and interpretations issued but not effective for the accounting year beginning 1 January 2008 are set out in note 35.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all years presented in the Financial Information.

(b) ***Basis of preparation of the Financial Information***

The consolidated financial statements for the years ended 31 December 2006, 2007 and 2008 comprise Holvrieka Holding and its consolidated subsidiaries.

The Financial Information is presented in Euro ("€"), rounded to the nearest thousand except when indicated otherwise. The functional currency of Holvrieka Holding and its subsidiaries is Euro. The Holvrieka Group determines its functional currencies based on its major currencies in business transactions.

The measurement basis used in the preparation of the Financial Information is the historical cost basis except that derivative financial instruments are stated at their fair value as explained in note 1(d).

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 34.

(c) ***Subsidiaries***

Subsidiaries are entities controlled by the Holvrieka Group. Control exists when the Holvrieka Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Financial statements of a subsidiary are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In Holvrieka Holding's balance sheet, an investment in a consolidated subsidiary is stated at cost less impairment losses (see note 1(h)(ii)).

(d) ***Derivative financial instruments***

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged. During the Track Record Period, the Holvrieka Group did not enter into any cash flow hedges or hedges of a net investment in foreign operations.

(e) ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(t)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

- Land and buildings	10 to 25 years
- Machinery	3 to 8 years
- Office equipment	3 to 8 years
- Motor vehicles	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents items of property, plant and equipment under construction and pending installation and is stated at cost less impairment losses (note 1(h)(ii)). Cost comprises direct costs related to acquisition and installation.

Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided for construction in progress.

(f) ***Intangible assets (other than goodwill)***

Intangible assets that are acquired by the Holvrieka Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(h)(ii)). Expenditure on internally generated goodwill and brands is recognised as expenses in the period in which it is incurred. For the Track Record Period the Holvrieka Group's only intangible asset is a software license which is charged to profit or loss on a straight-line basis over the license's estimated useful life of 5 years.

Both the period and method of amortisation are reviewed annually.

(g) ***Operating lease charges***

Leases which do not transfer substantially all the risks and rewards of ownership to the Holvrieka Group are classified as operating leases.

Where the Holvrieka Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) ***Impairment of assets***

(i) Impairment of receivables

Other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Holvrieka Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

Trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Holvrieka Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— construction in progress;

— intangible assets; and

— investment in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) ***Inventories***

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using a first in, first out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) ***Construction contracts***

The accounting policy for contract revenue is set out in note 1(r)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are recognised as "Gross amount due from customers for contract work" (as an asset), which is included in "Deposits, other receivables and prepayments" in the consolidated balance sheet) or the "Gross amount due to customers for contract work" (as a liability), which is included in "Other payables and accrued expenses" in the consolidated balance sheet, as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "Trade receivables". Amounts received before the related work is performed are recognized as advances received for contract work and included in the consolidated balance sheet, as a liability in "Other payables and accrued expenses".

(k) ***Trade and other receivables***

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(h)(i)), except where the receivables are interest-free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Holvrieka Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

(m) ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) ***Trade and other payables***

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) ***Employee benefit***

The Holvrieka Group operates various pension plans. The schemes are funded through payments to insurance companies or are defined as multi-employer pension plans.

(i) Defined contribution plan

The Holvrieka Group's pension plan for the Dutch entities is a multi-employer pension plan, which qualifies as a defined benefit plan. The Holvrieka Group accounts for this multi-employer plan as if it was a defined contribution plan, since the Holvrieka Group does not have access to information about this plan in order to account for it as a defined benefit plan. In addition, the Holvrieka Group has no available information about the surplus or deficit in the plan which may affect the amount of future contributions.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Holvrieka Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Holvrieka Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Jubilee benefits

Jubilee benefits ascribed to past service are calculated and added to the staff remuneration provision. Changes in the provision are recognised in profit or loss. These amounts are stated at their present values.

(p) ***Income tax***

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Holvrieka Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if Holvrieka Holding or the Holvrieka Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, Holvrieka Holding or the Holvrieka Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities if they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity or (ii) different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) ***Financial guarantees issued, provisions and contingent liabilities***

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Holvrieka Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Holvrieka Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised to profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Holvrieka Group under the guarantee, and (ii) the amount of that claim on the Holvrieka Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Holvrieka Group or Holvrieka Holding has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) ***Revenue recognition***

Provided it is probable that the economic benefits will flow to the Holvrieka Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. The percentage of completion is initially calculated as the actual hours worked on the project divided by the total hours forecasted for the project.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Dividends

Dividend income from unlisted investments is recognised when the equity shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Repair and maintenance

Repair and maintenance income is recognised when the related services are rendered.

(s) ***Translation of foreign currencies***

Foreign currency transactions during the year are translated into Euro at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Euro at the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Euro at foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Euro at the foreign exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Euro at the foreign exchange rates ruling at the balance sheet dates. The resulting exchange differences are recognised directly in a component of equity.

(t) ***Borrowing costs***

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) ***Related parties***

For the purpose of the Financial Information, a party is considered to be related to the Holvrieka Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Holvrieka Group or exercise significant influence over the Holvrieka Group in making financial and operating policy decisions, or has joint control over the Holvrieka Group;

(ii) the Holvrieka Group and the party are subject to common control;

(iii) the party is an associate of the Holvrieka Group or a joint venture in which the Holvrieka Group is a venturer;

(iv) the party is a member of key management personnel of the Holvrieka Group or the Holvrieka Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Holvrieka Group or of any entity that is a related party of the Holvrieka Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) ***Segment reporting***

A segment is a distinguishable component of the Holvrieka Group that is engaged either in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards, that are different from those of other segments.

In accordance with the Holvrieka Group's internal financial reporting system, the Holvrieka Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of the Financial Information.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans and borrowings, tax balances, corporate and financing expenses.

2 **Turnover**

The Holvrieka Group is principally engaged in the production and sales of rust-resistant process and storage tanks, silo's, tank terminals, tank modules for the maritime industry sector, as well as equipment and tank containers for tank trucks, provision of related repairing service, and sale of related spare parts. Turnover represents the following items:

— Revenue from construction contracts;

— revenue from repairing service; and

— sales of spare parts.

The amounts of each significant category of revenue recognised in turnover during the Track Record Period are as follows:

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Revenue from construction contracts	80,913	106,754	120,392
Repairing service	360	24	—
Sales of spare parts	431	418	478
Other income	250	189	563
	81,954	107,385	121,433

3 **Other revenue and net income**

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Other revenue			
Interest income	609	652	644
Rental income	(3)	—	—
	606	652	644

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Other net income			
Gain on disposal of property, plant and equipment	188	28	35
Foreign exchange gain	—	—	46
	188	28	81

4 **Profit before taxation**

Profit before taxation is arrived at after charging / (crediting):

(a) ***Finance costs***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Interest on bank advances and other borrowings wholly repayable within five years	250	702	853
Foreign exchange loss	37	34	—
	287	736	853

(b) ***Staff costs***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Salaries, wages and allowance	13,141	15,061	16,916
Social insurance	1,443	1,500	1,592
Contributions to retirement schemes	935	1,128	1,126
	15,519	17,689	19,634

(c) ***Other items***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Cost of inventories*	74,202	90,207	101,096
Auditor's remuneration - audit services	86	129	317
Depreciation of property, plant and equipment*	1,067	989	1,258
Net impairment losses / (reversal of loss) for trade receivables	71	247	(36)
Net provision / (reversal) for product warranties	1,358	(660)	63
Operating lease charges: minimum lease payments - lease of land	86	102	114
Net loss on forward foreign exchange contracts	—	—	(13)
Net gain on interest swap contracts	—	—	9

* Cost of inventories includes €14,271,000, €16,196,000, €18,537,000 for the years ended 31 December 2006, 2007 and 2008 respectively, relating to staff costs, and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

5 **Income tax in the consolidated income statements**

(a) ***Taxation in the consolidated income statements represents:***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Current tax - overseas			
Provision for the year	56	3,569	3,258
(Over) / under provision in respect of years	(17)	3	12
	39	3,572	3,270
Deferred tax			
Origination and reversal of temporary differences	475	(714)	83
	514	2,858	3,353

No provision has been made for Hong Kong Profits Tax as the Holvrieka Group did not have assessable profits subject to Hong Kong Profits Tax during the Track Record Period.

Taxation for the Holvrieka Group entities is charged at the following current rates of taxation ruling in the relevant countries and is calculated on a stand-alone basis:

	2006	**2007**	**2008**
- Dutch companies	29.60%	25.50%	25.50%
- Belgian company	33.99%	33.99%	33.99%
- Danish company	28.00%	25.00%	25.00%

(b) ***Reconciliation between tax expense and accounting profit at applicable tax rates:***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Profit before taxation	2,264	10,756	12,950
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	703	2,856	3,341
Effect of changes in tax rates	(171)	—	—
(Over) / under provision in prior years	(17)	3	12
Others	(1)	(1)	—
Actual tax expense	514	2,858	3,353

6 **Directors' remuneration**

	Directors' fees	Salaries, wages and allowances	Discretionary bonuses	Retirement scheme contributions	Total
	€'000	€'000	€'000	€'000	€'000
Year ended 31 December 2006					
Burg Industries B.V.	—	—	—	—	—
Year ended 31 December 2007					
Burg Industries B.V.	—	—	—	—	—
Year ended 31 December 2008					
Burg Industries B.V.	—	—	—	—	—
Mr. K. R. R. Brink *	—	100	56	4	160
	—	100	56	4	160

No emoluments were paid by the Holvrieka Group to Burg Industries B.V. during the Track Record Period. No director has waived or agreed to waive any emoluments during the Track Record Period.

No emoluments were paid by the Holvrieka Group to the directors of the Holvrieka Group as an inducement to join or upon joining the Holvrieka Group or as compensation for loss of office during the Track Record Period.

** Mr. K. R. R. Brink was appointed as director of Holvrieka Holding on 1 June 2008.*

7 **Individuals with highest emoluments**

Of the five individuals with the highest emoluments, one is director whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the 5 highest paid individuals (2006:5; 2007:5) including those of Mr. K.R.R. Brink up to 31 May 2008 are as follows:

	Year ended 31 December		
	2006	2007	2008
	€'000	€'000	€'000
Salaries, wages and allowance	462	474	597
Discretionary bonuses	51	50	66
Retirement scheme contributions	39	40	47
	552	564	710

The emoluments of the five individuals with the highest emoluments are within the following bands:

	Number of employees		
	Year ended 31 December		
	2006	**2007**	**2008**
Nil to HKD 1,000,000			
(2006: Nil - equivalent to €102,000)	2	—	—
(2007: Nil - equivalent to €93,000)	—	1	—
(2008: Nil - equivalent to €86,000)	—	—	—
HKD 1,000,001 - HKD 1,500,000			
(2006: equivalent to €102,000 - €154,000)	3	—	—
(2007: equivalent to €93,000 - €140,000)	—	3	—
(2008: equivalent to €86,000 - €129,000)	—	—	2
HKD 1,500,001 - HKD 2,000,000			
(2006: equivalent to €154,000 - €205,000)	—	—	—
(2007: equivalent to €140,000 - €186,000)	—	1	—
(2008: equivalent to €129,000 - €171,000)	—	—	3

During the Track Record Period, no emoluments were paid by the Holvrieka Group to the five highest paid individuals as an inducement to join or upon joining the Holvrieka Group or as compensation for loss of office.

8 Dividend

Dividend paid to equity shareholders of Holvrieka Holding attributable to the year:

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Interim dividend declared and paid of €66.25 per ordinary share	—	4,000	—

9 **Profit attributable to equity shareholders of Holvrieka Holding**

The consolidated profit attributable to equity shareholders of Holvrieka Holding includes a profit of €864,000, €1,134,000 and €910,000 for the years ended 31 December 2006, 2007 and 2008 respectively, which has been dealt with in the financial statements of Holvrieka Holding.

Reconciliation of the above amount to Holvrieka Holding's profit for the Track Record Period is as follows:

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Amount of consolidated profit attributable to equity shareholder dealt with in Holvrieka Holding's financial statements	864	1,134	910
Final dividends from subsidiaries attributable to the profits of the previous financial years, approved and paid during the year	1,250	—	1,000
Holvrieka Holding's profit for the year	2,114	1,134	1,910

10 **Earnings per share**

(i) ***Basic earnings per share***

The calculation of basic earnings per share for the years ended 31 December 2006, 2007 and 2008 are based on the profit attributable to equity shareholders of Holvrieka Holding of €1,750,000, €7,898,000 and €9,597,000 respectively and the number of ordinary shares of 60,382 in issue during the Track Record Period.

(ii) ***Diluted earnings per share***

There were no potential dilutive ordinary shares in issue during for the years ended 31 December 2006, 2007 and 2008.

11 **Property, plant and equipment**

	Land and buildings	Machinery	Motor vehicles	Office equipment	Total
	€'000	€'000	€'000	€'000	€'000
Cost:					
At 1 January 2006	9,708	18,795	1,741	3,819	34,063
Additions	42	626	300	87	1,055
Transfer from construction in progress	—	11	—	—	11
Disposals	—	(211)	(151)	—	(362)
Exchange adjustment	(2)	—	—	—	(2)
At 31 December 2006	9,748	19,221	1,890	3,906	34,765
Additions	35	659	104	72	870
Disposals	—	(96)	(87)	(35)	(218)
Exchange adjustment	4	(7)	—	10	7
At 31 December 2007	9,787	19,777	1,907	3,953	35,424
Additions	74	2,103	206	49	2,432
Transfer from construction in progress	—	70	—	—	70
Disposals	—	(91)	(318)	(2)	(411)
At 31 December 2008	9,861	21,859	1,795	4,000	37,515
Accumulated depreciation:					
At 1 January 2006	6,329	17,514	1,423	3,601	28,867
Charge for the year	316	517	129	105	1,067
Written back on disposals	—	(202)	(94)	—	(296)
At 31 December 2006	6,645	17,829	1,458	3,706	29,638
Charge for the year	327	425	157	80	989
Written back on disposals	—	(57)	(65)	(34)	(156)
Exchange adjustment	3	2	—	—	5
At 31 December 2007	6,975	18,199	1,550	3,752	30,476
Charge for the year	386	596	181	95	1,258
Written back on disposals	—	(89)	(318)	(2)	(409)
At 31 December 2008	7,361	18,706	1,413	3,845	31,325
Net book value:					
At 31 December 2006	3,103	1,392	432	200	5,127
At 31 December 2007	2,812	1,578	357	201	4,948
At 31 December 2008	2,500	3,153	382	155	6,190

The net book values of properties as at 31 December 2006, 2007 and 2008 amounting to €3,103,000, €2,812,000, and €2,500,000 respectively represented the freehold land and buildings outside Hong Kong carried at cost less accumulated depreciation.

12 **Construction in progress**

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
At beginning of the year	11	—	70
Additions	—	70	321
Transfer to property, plant and equipment	(11)	—	(70)
At the end of the year	—	70	321

13 **Other financial assets**

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Long term debtor	1,000	1,841	958

The long term debtor relates to two loans to SC European Food S.A., an independent third party customer of the Holvrieka Group.

An original loan amount of €1,915,000 is repayable in 10 instalments of €192,000 each (including interests) at an interest rate of 5.5% per annum starting from 10 October 2007 to 10 April 2012.

An original loan amount of €2,500,000 is repayable in 10 instalments of €250,000 each (including interests) at an interest rate of 5.25% per annum starting from 1 June 2005 to 1 December 2009.

No impairment loss on the debtor was recorded at the end of the Track Record Period as the Holvrieka Group considered that the long term debtor could be fully recovered. For details of accounting policy regarding provision for impairment losses on the long term debtor, please see note 1(h)(i).

14 **Derivative financial instruments**

At 31 December 2008, the Holvrieka Group held two forward foreign currency contracts to manage the currency risk on expected future sales to customers in US dollars ("US$") for which the Holvrieka Group has firm commitments. At 31 December 2008, the loss in fair value of these forward foreign currency contracts (total notional value of US$ 180,320) is €13,000.

At 31 December 2008, the Holvrieka Group had an interest rate swap agreement with a maximum nominal contract amount of €2 million in place in relation to certain bank loans of the Holvrieka Group, under which the interest rate was swapped. The Holvrieka Group pays a floating interest rate equal to 1 month EURIBOR plus mark-up capped at 6% and receives a floating interest rate equal to 1 month EURIBOR plus mark-up on the €2 million. The swap is being used to manage the interest rate risk on the underlying secured loan. At 31 December 2008, the fair value of this swap is €9,172.

15 **Inventories**

(a) ***Inventories in the balance sheet comprise:***

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Raw materials	14,366	14,772	11,378

(b) ***The analysis of the amount of inventories recognised as an expense is as follows:***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Carrying amount of inventories sold	73,937	89,973	101,649
Write down of inventories	265	234	—
Reversal of write-down of inventories	—	—	(553)
Cost of inventories	74,202	90,207	101,096

16 **Trade receivables**

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Trade receivables	23,711	21,625	21,277
Less: allowance for doubtful debts	(4,067)	(4,260)	(4,170)
	19,644	17,365	17,107

(a) ***The ageing analysis of trade receivables is as follows:***

An ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Current	13,828	10,432	10,867
Less than 3 months past due	3,376	4,053	2,938
3 to 4 months past due	860	859	908
More than 4 months past due	1,580	2,021	2,394
Amounts past due	5,816	6,933	6,240
	19,644	17,365	17,107

Trade receivables (net of allowance for doubtful debts) are expected to be recovered within one year. The Holvrieka Group normally allows a credit period of 30-60 days to its customers. Further details on the Holvrieka Group's credit policy are set out in note 28(a).

(b) ***Impairment of trade receivables***

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Holvrieka Group is satisfied that recovery of the amount is remote in which case the impairment loss is written off against trade receivables directly (see note 1(h)(i)).

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
At beginning of the year	5,470	4,067	4,260
Impairment loss recognised	91	247	155
Reversal of impairment loss	(20)	—	(191)
Uncollectible amounts written off	(1,474)	(54)	(54)
At end of the year	4,067	4,260	4,170

At 31 December 2006, 2007 and 2008, the Holvrieka Group's trade receivables of €4,067,000, €4,260,000 and €4,170,000 respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of €4,067,000, €4,260,000 and €4,170,000 respectively were recognised. The Holvrieka Group does not hold any collateral over these balances.

(c) ***Trade receivables that are not impaired***

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Neither past due nor impaired	13,828	10,432	10,867
Less than 3 months past due	3,376	4,053	2,938
3 to 4 months past due	860	859	908
More than 4 months past due	1,580	2,021	2,394
	5,816	6,933	6,240
	19,644	17,365	17,107

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Holvrieka Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Holvrieka Group does not hold any collateral over these balances.

17 **Deposits, other receivables and prepayments**

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Prepayments	981	519	1,083
Gross amount due from customers for contract work (note 18)	7,581	14,078	14,530
	8,562	14,597	15,613

All of the deposits, other receivables and prepayments are expected to be recovered or recognised as expenses within one year.

18 **Construction contracts**

The aggregate amounts of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/(to) customers for contract work at 31 December 2006, 2007 and 2008 are €33,187,000, €48,756,000 and €61,900,000 respectively.

All of the gross amounts due from/(to) customers for contract work as at 31 December 2006, 2007 and 2008 are expected to be recovered/(settled) no more than one year.

19 **Cash and cash equivalents**

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Cash at banks and on hand	531	7,558	6,347
Bank overdrafts (note 21(b))	(3,751)	(1,697)	(2,012)
Cash and cash equivalents in the consolidated cash flow statements	(3,220)	5,861	4,335

Cash and cash equivalents are at the Holvrieka Group's free disposal. Cash at banks earns interest at floating rates based on daily bank deposit rates.

20 **Interest bearing loans (non-current)**

	Effective interest rate	Maturity	31 December 2006	31 December 2007	31 December 2008
	%		€ '000	€ '000	€ '000
Secured bank loans					
Fortis Bank	5.38	26 June 2012	—	2,000	—
ING Bank	5.38	26 June 2012	—	2,000	—
Total			—	4,000	—

All of the non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

Secured bank loans

The Holvrieka Group entered into credit facilities agreements totalling €121,500,000 for the period from 1 January 2005 to 26 June 2007 signed between Burg Industries B.V. and its subsidiaries ("Burg Industries B.V. Group") and the financial institutions with a negative pledge on all the assets of Burg Industries B.V. Group. All group companies, together with the holding company and its subsidiaries under Burg Industries B.V. Group are part of the credit arrangement. All entities within Burg Industries B.V. Group are jointly and severally liable with respect to the credit arrangement before 26 June 2007.

At the date of acquisition of Burg Industries B.V. Group by CIMC Burg B.V. on 26 June 2007, all the credit agreements were renewed with a total credit limit of €103,000,000 and signed between CIMC Burg B.V. and its subsidiaries ("CIMC Burg B.V. Group") and the financial institutions. All group companies, together with the holding company and its subsidiaries are part of the credit arrangement. The Holvrieka Group's interest bearing loans and bank overdrafts from 26 June 2007 onwards have been secured as follows:

— first pledge over the shares of all companies of the Holvrieka Group;

— first mortgage over all real estate of Holvrieka Holding as well as a mortgage over all the real estate of Holvrieka N.V.;

— first pledge over all receivables (including intercompany receivables and with the exception of trade receivables that, under their contractual terms and conditions, cannot be pledged) of all companies of the Holvrieka Group;

— first pledge over all movables (including inventories and gross amount due from customers for contract work) of all companies of the Holvrieka Group; and

— first pledge over all bank accounts of all companies of the Holvrieka Group.

The bank loans from ING Bank and Fortis Bank relate to a secured €98,000,000 credit arrangement for CIMC Burg Group which is part of the total credit limit of €103,000,000. The following financial covenants regarding this credit arrangement have been agreed with banks by CIMC Burg B.V. Group and are applicable to the consolidated financial statements of CIMC Burg B.V.:

— Minimum solvency (adjusted equity: total assets) of 35%;

— Cash Flow Cover Ratio (cash flow: mandatory payments with respect of the loan) of minimum 1.1;

— Leverage (net debt: Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") ratio), not exceeding:

  — 4.5 (at 31 December 2007);

  — 3.5 (from 1 January 2008 up to and including 31 December 2008);

  — 2.75 (from 1 January 2009 up to the final maturity date);

— Annual capital expenditure not exceeding

  — €4 million (before 1 January 2008);

  — €4.5 million (from 1 January 2008 onwards and including 1 January 2008);

Furthermore, CIMC Burg B.V. is obliged to enter into an interest rate swap transaction for 50% of the bank loan principal amount outstanding within CIMC Burg B.V. Group at that time for a period of at least 3 years. In June 2008, CIMC Burg B.V. Group entered into such interest rate swap.

All entities within CIMC Burg B.V. Group are jointly and severally liable with respect to the credit facility arrangement.

According to the credit facility agreement, if the CIMC Burg B.V. Group breaches the covenants, the drawn down facilities become payable on demand. Further details of the Holvrieka Group's management of liquidity risk are set out in note 28(b). As at 31 December 2008, CIMC Burg B.V. Group breached the covenant requirements related to capital expenditure, cash flow cover ratio and the net debt to EBITDA. Accordingly, the entire amount of the original non-current portion of drawn down facilities totalling €4,000,000 is reclassified as bank loans and overdrafts under current liabilities at 31 December 2008. At 31 December 2008, the lenders had not demanded the repayment of the drawn down facilities.

The respective balances of credit facility for the CIMC Burg B.V. Group / Burg Industries B.V. Group and the Holvrieka Group as at 31 December 2006, 2007 and 2008 are as follows:

(i) Total credit facility of the CIMC Burg B.V. Group / Burg Industries B.V. Group

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Total credit facility	121,500	105,160	101,160
Total amount utilised	(31,200)	(82,100)	(71,894)
Total amount available	90,300	23,060	29,266

(ii) Total credit facility of the Holvrieka Group

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Total credit facility	15,500	15,160	15,160
Total amount utilised	(3,751)	(5,697)	(6,012)
Total amount available	11,749	9,463	9,148

21 **Bank loans and overdrafts (including current and non-current portions)**

(a) ***At 31 December 2006, 2007 and 2008, the bank loans and overdrafts were repayable as follows:***

		31 December		
	Note	**2006**	**2007**	**2008**
		€'000	**€'000**	**€'000**
Within 1 year or on demand		3,751	1,697	6,012
After 2 years but within 5 years	20	—	4,000	—
		3,751	5,697	6,012

(b) ***The analysis of the carrying amount of bank overdrafts and bank loans is as follows:***

	Effective interest rate	Maturity	31 December 2006	31 December 2007	31 December 2008
	%		€'000	€'000	€'000
Unsecured bank overdrafts	3.97 - 7.35	On demand	3,751	288	686
Secured bank overdrafts *	4.46 - 7.6	On demand	—	1,409	1,326
Secured bank loans (note 20)	3.643 - 5.38	On demand	—	4,000	4,000
			3,751	5,697	6,012

* The secured bank overdrafts at 31 December 2007 and 2008 are in respect of Holvrieka Danmark A/S. The overdrafts are secured by a mortgage on buildings of Holvrieka Danmark A/S which have a carrying value of €720,000 at 31 December 2008 (2007: €842,000).

22 **Employee benefit liabilities**

	Early retirement provision	Jubilee provision	Total
	(i)	(ii)	
	€'000	€'000	€'000
At 1 January 2006	15	197	212
Additional provision made	3	18	21
At 31 December 2006	18	215	233
Additional provision made	42	18	60
Provision utilised	(4)	(11)	(15)
At 31 December 2007	56	222	278
Additional provision made	3	18	21
Provision utilised	(10)	(8)	(18)
At 31 December 2008	49	232	281
Represented by:			
Current at 31 December 2006	4	4	8
Non-current at 31 December 2006	14	211	225
Total balance at 31 December 2006	18	215	233
Current at 31 December 2007	8	19	27
Non-current at 31 December 2007	48	203	251
Total balance at 31 December 2007	56	222	278
Current at 31 December 2008	9	21	30
Non-current at 31 December 2008	40	211	251
Total balance at 31 December 2008	49	232	281

(i) The early retirement provision relates to the Belgian subsidiary. The provision is made at the point where an employee qualifies for this voluntary arrangement when he/she reaches the age of 57 years and has confirmed his/her participation in the voluntary arrangement 6 months before reaching this age. Changes in the provision are directly recognised in profit or loss. The provision is stated at the present value.

(ii) The jubilee provision is made for future jubilee payments for the employees. The following jubilee arrangements are in place in the Holvrieka Group.

Name of subsidiary	Jubilee benefit
Holvrieka Ido B.V.	One month wage after 25 years of service and another one month wage after 40 years of service with individual income taxes borne by employer
Noordkoel B.V.	One month wage after 25 years of service and another one month wage after 40 years of service with individual income taxes borne by employer
Holvrieka Nirota B.V.	A half month wage after 12.5 years of service with individual income taxes borne by employee, one month wage after 25 years of service and another one month wage after 40 years with individual income taxes borne by employer
Holvrieka N.V.	None
Holvrieka Danmark A/S	A fixed amount of DKK 12,500 after 25 years of service with individual income taxes borne by employer

23 **Trade payables**

	31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Trade creditors	11,696	12,034	10,067

An aging analysis of trade payables of the Holvrieka Group is as follows:

	31 December		
	2006	2007	2008
	€'000	€'000	€'000
Due within 1 month	8,912	9,056	5,184
Due after 1 month but within 3 months	1,046	1,329	3,470
Due after 3 months but within 12 months	1,677	634	1,413
Due after 12 months	61	1,015	—
	11,696	12,034	10,067

24 **Other payables and accrued expenses**

	31 December		
	2006	2007	2008
	€'000	€'000	€'000
Advances received for contract work	6,818	13,093	9,992
Taxes and social securities	1,001	1,206	1,250
Other payables	3,893	2,531	3,756
	11,712	16,830	14,998

All of the other payables and accrued expenses as at 31 December 2006, 2007 and 2008 are expected to be settled within one year.

25 **Income tax in the balance sheet**

(a) ***Current tax (recoverable)/payable in the consolidated balance sheets represents:***

	31 December		
	2006	2007	2008
	€'000	€'000	€'000
Current tax (recoverable)/payable at beginning of the year	(1,302)	(1,258)	1,987
Provision for income tax for the year	39	3,572	3,270
Current tax refunded / (paid)	5	(327)	(4,797)
Current tax (recoverable)/payable at end of the year	(1,258)	1,987	460

(b) ***The components of deferred tax liabilities recognised in the consolidated balance sheets and the movements during the Track Record Period are as follows:***

	Gains on disposal of land and buildings	Construction contracts inventories	Jubilee provision	Total
	(Note (i))	(Note (ii))	(Note 36(d) (12))	
	€'000	€'000	€'000	€'000
As at 1 January 2006	(422)	(982)	62	(1,342)
Credited / (charged) to consolidated income statement	75	(552)	2	(475)
As at 31 December 2006 and 1 January 2007	(347)	(1,534)	64	(1,817)
Credited / (charged) to consolidated income statement	415	274	25	714
As at 31 December 2007 and 1 January 2008	68	(1,260)	89	(1,103)
(Charged) / credited to consolidated income statement	(328)	235	10	(83)
As at 31 December 2008	(260)	(1,025)	99	(1,186)

	31 December		
	2006	2007	2008
	€'000	€'000	€'000
Net deferred tax liability recognised on the balance sheet	1,817	1,103	1,186

There were no significant unrecognised deferred tax assets and deferred tax liabilities in the Holvrieka Group as at 31 December 2006, 2007 and 2008.

Notes:

(i) The Holvrieka Group has recognised deferred tax liabilities in respect of capital gains realised on the sales of land and buildings. This capital gain would not be taxed as long as the Holvrieka Group has the intention for a replacement investment. The Holvrieka Group has also recognised deferred tax assets in respect of depreciation charges.

(ii) The Holvrieka Group has recognised deferred tax liabilities in respect of temporary differences arising from basis of recognition of construction contracts as well as inventories. Pursuant to the relevant changes in tax regulations in the Netherlands, effective from the beginning of 2007, there are no longer any temporary differences in basis of recognition of construction contracts and all the related valuation is deductible or taxable for taxation purpose.

26 **Provisions**

	Warranty provision	Restructuring provision	Total
	€'000	€'000	€'000
At 1 January 2006	232	—	232
Additional provision made	1,516	60	1,576
Provision utilised	(20)	—	(20)
Unused amount reversed	(158)	—	(158)
At 31 December 2006	1,570	60	1,630
Additional provision made	633	75	708
Provision utilised	(94)	(41)	(135)
Unused amount reversed	(1,293)	—	(1,293)
At 31 December 2007	816	94	910
Additional provision made	284	—	284
Provision utilised	(253)	—	(253)
Unused amount reversed	(221)	(19)	(240)
At 31 December 2008	626	75	701
Represented by:			
Current at 31 December 2006	92	41	133
Non-current at 31 December 2006	1,478	19	1,497
Total balance at 31 December 2006	1,570	60	1,630
Current at 31 December 2007	50	94	144
Non-current at 31 December 2007	766	—	766
Total balance at 31 December 2007	816	94	910
Current at 31 December 2008	165	75	240
Non-current at 31 December 2008	461	—	461
Total balance at 31 December 2008	626	75	701

Under the normal terms of the Holvrieka Group's sales agreements, the Holvrieka Group will rectify any product defects arising within one year after commissioning. Under certain circumstances this can be prolonged for an additional period. Provision is therefore made for the best estimate of the expected settlement under these agreements.

Restructuring provision mainly relates to a provision, agreed upon with the Dutch labor union, for compensating laid-off employees with the difference between the salaries previously earned from the Holvrieka Group and the basic salary earned from the new employment.

27 **Capital and reserves**

(a) ***Share capital***

Holvrieka Holding has authorised shares of €12,000,000 comprising 120,000 ordinary shares of €100 each and has 60,382 issued shares of ordinary share at par value €100 each as at 31 December 2006, 2007 and 2008.

(b) ***Other reserve***

Included in other reserve is a legal reserve relating to Holvrieka N.V. According to Belgian Law a legal reserve of 10% of share capital is obligatory. The legal reserve is not distributable. In addition, any difference in the net profits of the Belgian subsidiary calculated between the accounting basis and tax basis should be transferred to/from this non- distributable reserve.

(c) ***Capital management***

The primary objective of the Holvrieka Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Holvrieka Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain a healthy capital structure, the Holvrieka Group may adjust the dividend payment to equity shareholders, issue new shares or arrange subordinated loans. No changes were made in the Holvrieka Group's capital management policy during the years ended 31 December 2006, 2007 and 2008. The Holvrieka Group monitors its capital using a solvency ratio, which is equity plus deferred taxation divided by total assets. The Holvrieka Group's policy is to keep the solvency ratio of 30% at the beginning of each of the years. Amounts above 30% at year end may be paid out as dividend. If the solvency ratio is lower than 30% a subordinated loan may be obtained through the parent company.

(d) ***Reserves available for distribution***

At 31 December 2006, 2007 and 2008, the aggregate amount of reserve available for distribution to equity shareholders of Holvrieka Holding were €9,546,000, €13,586,000 and €23,038,000 respectively.

28 **Financial instruments**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Holvrieka Group's business. These risks are limited by the Holvrieka Group's financial management policies and practices described below:

(a) ***Credit risk***

The Holvrieka Group's credit risk is primarily attributable to trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount.

These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Holvrieka Group does not obtain collateral from customers.

The Holvrieka Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As at the balance sheet dates, the Holvrieka Group has a certain concentration of credit risk as 12%, 1% and 18% of the total trade and other receivables were due from the five largest customers of the Holvrieka Group as at 31 December 2006, 2007 and 2008 respectively. The largest customer of the Holvrieka Group fully settled its respective receivable balances before 31 December 2006, 2007 and 2008. Therefore, the Holvrieka Group does not have the receivable balances from its largest customer as at 31 December 2006, 2007 and 2008.

The maximum exposure to credit risk without taking into account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. Except for the financial guarantees given by the Holvrieka Group as set out in note 31, the Holvrieka Group does not provide any other guarantee which would expose the Holvrieka Group or Holvrieka Holding to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet dates is disclosed in note 31(e).

Further quantitative disclosures in respect of the Holvrieka Group's exposure to credit risk arising from trade receivables are set out in note 16.

(b) ***Liquidity risk***

The Holvrieka Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and other financial assets) and projected cash flows from operations. The Holvrieka Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and bank loans. The Holvrieka Group's policy is that the equity should finance the non-current assets, whereas the current assets should at least be equal to the current liabilities. Credit facilities with credit institutions are available for improving the liquidity position in case that the current assets are temporarily higher than the current liabilities.

The table below summarises the maturity profile of the Holvrieka Group's financial liabilities at 31 December 2006, 2007 and 2008.

31 December 2006 (€'000)	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**1 to 5 years**	**> 5 years**
Amounts due to related parties (non-current)	2,252	2,565	887	1,678	—
Amounts due to related parties (current)	6,047	6,047	6,047	—	—
Trade payables	11,696	11,699	11,635	64	—
Other payables and accrued expenses	14,223	14,223	14,223	—	—
Bank overdrafts	3,751	3,751	3,751	—	—

31 December 2007 (€ '000)	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	1 to 5 years	> 5 years
Secured bank loans (non-current)	4,000	4,968	215	4,753	—
Amounts due to related parties (non-current)	1,487	1,678	—	1,678	—
Amounts due to related parties (current)	8,582	8,582	8,582	—	—
Trade payables	12,034	12,090	11,019	1,071	—
Other payables and accrued expenses	17,354	17,354	17,354	—	—
Bank overdrafts	1,697	1,697	1,697	—	—
Current tax payable	1,987	1,987	1,987	—	—

31 December 2008 (€ '000)	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	1 to 5 years	> 5 years
Secured bank loans (current)	4,000	4,000	4,000	—	—
Amounts due to related parties (non-current)	761	958	—	958	—
Amounts due to related parties (current)	7,805	7,805	7,805	—	—
Trade payables	10,067	10,067	10,067	—	—
Other payables and accrued expenses	14,998	14,998	14,998	—	—
Bank overdrafts	2,012	2,012	2,012	—	—
Current tax payable	460	460	460	—	—

(c) ***Interest rate risk***

The Holvrieka Group's interest rate risk arises primarily from floating rate bank loans and overdrafts, and bank deposits. Floating rate bank deposits and floating rate bank loans and overdrafts expose the Holvrieka Group to cash flow interest rate risk. The Holvrieka Group's interest rate profile as monitored by management is set out in (i) below.

(i) *Interest rate profile*

	31 December 2006		31 December 2007		31 December 2008	
	Effective interest rate %	€'000	Effective interest rate %	€'000	Effective interest rate %	€'000
Assets						
Fixed rate assets						
Loans to customers	5.25	1,500	5.25	1,000	5.25	500
Loans to customers			5.50	1,724	5.25	1,341
Borrowings to related parties	5.00	4,100	5.00	7,000	5.25	11,500
		5,600		9,724		13,341
Variable rate assets						
Bank deposits	3.00-4.00	531	3.00-4.00	7,558	3.00-4.00	6,347
Liabilities						
Fixed rate borrowings						
Loans from related parties	5.25	1,239	5.25	804	5.25	392
Loans from related parties	5.50	1,631	5.50	1,448	5.50	1,095
Loans from related parties	5.00	5,000	5.51	7,000	5.73	6,000
		7,870		9,252		7,487
Variable rate borrowings						
Secured bank loans		—	5.38	4,000	3.643	4,000
Bank overdrafts	3.97-5.00	3,751	4.46-6.40	1,697	4.70-7.60	2,012
		3,751		5,697		6,012
		11,621		14,949		13,499
Net fixed rate borrowings as a percentage of total net borrowings		67.7%		61.9%		55.5%

Starting from 2008, interest rate swaps have been entered into to achieve an approximate mix of fixed and floating rate exposure. At 31 December 2008, the Holvrieka Group had interest rate swaps with a maximum nominal contract amount of €2 million, which has been designated as derivative financial instruments (non-hedging derivative instruments). The change in fair value of these swaps at 31 December 2008 amounting to €9,172 is recognised as derivative financial instruments and included within "Derivative financial instruments" (see note 14).

(ii) *Sensitivity analysis*

As at 31 December 2006, 2007 and 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates at each of the above dates, with all other variables held constant, would increase/(decrease) the Holvrieka Group's profit after tax and retained profits by approximately €(32,200), €18,610, and €3,350 respectively, in response to the general increase/(decrease) in interest rates. Other components of consolidated equity would not change in response to the general increase/(decrease) in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for floating rate bank loans and overdrafts, and bank deposits in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2006, 2007 and 2008.

(d) **Foreign currency risk**

(i) *Forecast transactions*

The Holvrieka Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the US Dollar, British Pound and Danish Krone.

At 31 December 2006, 2007 and 2008, the Holvrieka Group has no assets and liabilities which are denominated in US Dollar and British Pound. The Holvrieka Group uses forward exchange contracts to manage its currency risk. All of the forward exchange contracts have maturities of less than one year at 31 December 2008.

(ii) *Recognised assets and liabilities*

In respect of trade receivables and trade payables denominated in currencies other than the functional currency of the operations to which they relate, the Holvrieka Group enters into forward exchange contracts in order to minimise currency risk.

(iii) *Exposure to currency risk*

The following table details the Holvrieka Group's exposure at the balance sheet dates to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than Euro.

	31 December			
	2006	**2007**	**2008**	
	DKK'000	DKK'000	USD'000	DKK'000
Bank loans	13,065	4,448	—	15,000
Gross balance sheet exposure	13,065	4,448	—	15,000
Highly probable forecast sales	—	—	180	—
Forward exchange contracts	—	—	(180)	—
Overall net exposure	13,065	4,448	—	15,000

(iv) *Sensitivity analysis*

The following table indicates the approximate change in the Holvrieka Group's profit after tax (and retained profits) in response to reasonably possible changes in the foreign exchange rates to which the Holvrieka Group has significant exposure at the balance sheet dates.

	31 December 2006		**31 December 2007**		**31 December 2008**	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rate**	**Effect on profit after tax and retained profits**	**Increase/ (decrease) in foreign exchange rate**	**Effect on profit after tax and retained profits**
	%	**€'000**	**%**	**€'000**	**%**	**€'000**
DKK	0.15	(3)	0.15	(1)	0.15	(3)
	(0.15)	3	(0.15)	1	(0.15)	3

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Holvrieka Group's exposure to currency risk for non-derivative and derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Holvrieka Group's profit after tax and equity measured in the respective functional currencies, translated into Euro at the exchange rate ruling at the balance sheet date for presentation purposes.

(e) ***Fair values***

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2006, 2007 and 2008 except as follows:

	31 December 2006		**31 December 2007**		**31 December 2008**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
	€ '000		**€ '000**		**€ '000**	
Financial liabilities						
Interest bearing loans and borrowings (non-current)	2,252	2,355	5,487	5,528	761	836

The following summarises the major methods and assumptions in estimating the fair values of financial instruments set out above:

(i) *Interest bearing loans and borrowings and derivative financial instruments*

The fair value of loans, borrowings and derivative financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates.

(ii) *Financial guarantees*

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(iii) *Interest rates used for determining fair value*

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	31 December		
	2006	**2007**	**2008**
Loans and borrowings	5.5%	5.5%	3.65%

29 **Segment information**

(a) ***Primary segment reporting***

Segment information is presented in respect of the Holvrieka Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Holvrieka Group's internal financial reporting. The management determined that there is only one business segment which is the production and sale of rust-resistant tanks and silos. Therefore, no business segment information is presented.

(b) ***Secondary segment reporting***

The Holvrieka Group's business is managed on a worldwide basis with participation in five principal economic environments.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the contract parties. Segment assets and capital expenditure are based on the geographical location of the contract parties.

	The Netherlands	Other countries in the European Union	Other countries in Europe	Asia	Rest of the world	Unallocated	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Year ended 31 December 2006							
Turnover from external customers	16,730	48,620	14,718	—	1,886	—	81,954
Total assets	9,390	27,288	15,410	240	1,005	2,177	55,510
Capital expenditures incurred during the year	215	627	189	—	24	—	1,055
Year ended 31 December 2007							
Turnover from external customers	19,959	55,063	16,655	7,967	7,741	—	107,385
Total assets	12,534	34,411	10,016	4,344	5,244	2,629	69,178
Capital expenditures incurred during the year	175	481	146	70	68	—	940
Year ended 31 December 2008							
Turnover from external customers	32,138	67,670	10,483	964	10,178	—	121,433
Total assets	15,200	37,481	10,236	412	5,304	3,518	72,151
Capital expenditures incurred during the year	741	1,560	242	22	234	—	2,799

30 **Commitments**

Operating lease commitments

As at 31 December 2006, 2007 and 2008, the future minimum lease payments under non-cancellable operating leases in respect of the leasing of land were payable as follows:

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Within 1 year	100	100	108
After 1 year but within 5 years	396	400	432
After 5 years	1,625	1,525	1,592
Total	2,121	2,025	2,132

31 **Contingent liabilities**

Financial guarantees issued

The Holvrieka Group has provided the following guarantees:

(a) At 31 December 2008, the Holvrieka Group has provided guarantees to the financial institutions totalling €18.9 million in respect of construction contract payments, warranties and retentions.

According to the related agreement, the Holvrieka Group's third party customers made payment relating to construction contract payments, warranties and retentions to the Holvrieka Group. If the Holvrieka Group was unable to fulfil its obligations during the course of construction contract projects, the customers would request repayment of the above-mentioned payments from the financial institutions which in turn require the Holvrieka Group to reimburse such repayments.

Up to the date of this report, no customers have requested repayments from the financial institutions.

(b) As at 31 December 2006, 2007 and 2008, Holvrieka Holding has provided guarantees on behalf of its subsidiaries to suppliers regarding raw materials purchase orders placed for a total amount of €1.7 million, €1.4 million and €0 respectively.

According to the related agreements, upon completion of delivery of raw materials, Holvrieka Holding would have to take up the related payable to suppliers if the subsidiaries default their payments for the suppliers.

Up to the date of this report, no default of payments from the subsidiaries has taken place.

(c) The Holvrieka Group is one of the subsidiaries of CIMC Burg B.V. / Burg Industries B.V. covered by the respective group credit facilities signed between CIMC Burg B.V. / Burg Industries B.V. and the related bankers. For details of this arrangement, please refer to note 20. Under this arrangement, the Holvrieka Group is jointly and severally liable with respect to the credit facility arrangement as at 31 December 2006, 2007 and 2008.

Up to the date of this report, no default of payments has taken place in any one of the entities under CIMC Burg B.V. Group / Burg Industries B.V. Group.

(d) During the Track Record Period, Burg Industries B.V./CIMC Burg B.V. forms a fiscal unity which comprises the Dutch entities under the Holvrieka Group and all the Dutch affiliated companies (except Burgers Carrosserie B.V.) under Burg Industries B.V. for filing only one income tax return for the whole group other than individual entity' returns. The Holvrieka Group is jointly and severally liable for the obligation of tax payment under this fiscal unity arrangement for tax filing purpose.

Up to the date of this report, no default of tax payments has taken place in any one of the entities under Burg Industries B.V. Group.

(e) At 31 December 2006, 2007 and 2008, the directors do not consider it probable that a claim will be made against the Holvrieka Group under any guarantees, the above-mentioned group credit facilities or fiscal unity taxation arrangement. The maximum liability of the Holvrieka Group at the above-mentioned balance sheet dates under the guarantees issued are the outstanding amount of the loans and borrowings drawn down by CIMC Burg B.V. Group / Burg Industries B.V. Group totalling €31,200,000, €82,100,000 and €71,894,000 respectively.

32 **Material related party transactions**

(a) ***Relationship between the Holvrieka Group and related parties:***

Name of related party	Relationship with the Holvrieka Group
CIMC Burg B.V.	Intermediate parent company
CIMC Tank Equipment Investment Holdings Co., Ltd. ("CIMC Tank Equipment")	Intermediate parent company
Burg Industries B.V.	Immediate parent company
Burg Fabriek B.V.	Fellow subsidiary
Lag Trailers N.V.	Fellow subsidiary
Burg Service B.V.	Fellow subsidiary
Hobur Twente B.V.	Fellow subsidiary
B.V. Trailer Leasing Company ("B.V. TLC")	Fellow subsidiary
Welfit Oddy (Pty) Ltd.	* Fellow subsidiary before 26 June 2007

* The entity was disposed of by Burg Industries B.V. on 26 June 2007.

(b) ***Material transactions with the related parties:***

	Year ended 31 December		
	2006	**2007**	**2008**
	€'000	**€'000**	**€'000**
Sales of goods			
Burg Fabriek B.V. (incl. Hobur Twente B.V.)	6,470	6,630	10,139
Lag Trailers N.V.	107	127	140
Burg Service B.V.	208	140	199
	6,785	6,897	10,478
Purchase of goods			
Burg Fabriek B.V.	371	377	363
Borrowings to			
Burg Industries B.V.	4,100	2,900	4,500
Borrowings from			
B.V. TLC	1,631	—	—
Burg Industries B.V.	4,500	2,000	2,000
	6,131	2,000	2,000
Other transactions			
Management fee charged by Burg Industries B.V.	525	525	1,117
Interest income / (expenses) from / to Burg Industries B.V.	70	(180)	81
Travelling and accommodation expenses charged to CIMC Tank Equipment	—	—	26
Licence income from CIMC Tank Equipment	—	—	400
General expenses charged to Burg Industries B.V.	—	—	484
	595	345	2,108

In the opinion of the directors, the related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Holvrieka Group's business.

The directors are also of the opinion that the related party transactions relating to sales, purchase, management fee and license income will be continued, and those relating to interest income/(expenses) and other general expenses will be discontinued after the date of the Proposed Transactions.

(c) ***Material balances with the related parties:***

	Note	31 December 2006	31 December 2007	31 December 2008
		€ '000	€ '000	€ '000
Borrowings to				
Burg Industries B.V.	(i)	4,100	7,000	11,500
Receivables				
Trade				
Burg Fabriek B.V. (incl. Hobur Twente B.V.)		693	941	2,049
Lag Trailers N.V.		50	22	8
Burg Service B.V.		112	28	5
		855	991	2,062
Non-trade				
Burg Industries B.V.	(ii)	67	36	194
CIMC Tank Equipment		—	—	426
		922	1,027	2,682
Total		5,022	8,027	14,182
Payables				
Trade				
Burg Fabriek B.V. (incl. Hobur Twente B.V.)		13	(84)	4
Lag Trailers N.V.		27	92	20
Burg Service B.V.		104	29	5
Others		—	—	87
		144	37	116
Non-trade				
Welfit Oddy (Pty) Ltd.		86	—	—
B.V. TLC		—	472	—
Burg Industries B.V.		199	308	748
CIMC Burg B.V.		—	—	215
		285	780	963
Borrowings from				
B.V. TLC	(iii)	2,870	2,252	1,487
Burg Industries B.V.	(iv)	5,000	7,000	6,000
		7,870	9,252	7,487
Total		8,299	10,069	8,566
Current		6,047	8,582	7,805
Non-current		2,252	1,487	761
Total		8,299	10,069	8,566

No impairment losses have been made in respect of the amounts due from/loan to related companies.

Notes

(i) These borrowings are interest bearing with annual interest rates of 5%, 5% and 5.25% for the years ended 31 December 2006, 2007, 2008 respectively, and repayable within one year.

The balance of these borrowings at 1 January 2006 amounted to €2,000,000. Maximum balances outstanding during 2006, 2007, and 2008 amounted to €4,650,000, €7,000,000, and €11,500,000 respectively. The Holvrieka Group does not hold any collateral over these borrowings.

(ii) The current amount due from this related party is interest free and repayable on demand.

(iii) The details of related party loans are as follows:

Related party	Note	Interest rate	Maturity	31 December 2006	31 December 2007	31 December 2008
		%		€ '000	€ '000	€ '000
B.V. TLC	*	5.25	1 December 2009	1,239	804	392
B.V. TLC	**	5.50	10 April 2012	1,631	1,448	1,095
Total				2,870	2,252	1,487

* The related party loan with original amount of €2,178,000 and interest rate of 5.25% per annum is repayable in semi-annual installments. Each installment ranges from €193,000 to €250,000. The last installment is due on 1 December 2009.

** The related party loan with original amount of €1,631,000 and interest rate of 5.50% per annum is repayable in semi-annual installments. Each installment ranges from €144,000 to €183,000. The last installment is due on 10 April 2012.

These two loans have been secured by the following pledged assets:

	31 December		
	2006	2007	2008
	€ '000	€ '000	€ '000
Trade receivables	500	883	883
Other financial assets (note 13)	1,000	1,841	958
Total	1,500	2,724	1,841

(iv) The borrowings from Burg Industries B.V. are due within one year with interest rates of 5%, 5.51% and 5.73% per annum for the years ended 31 December 2006, 2007 and 2008 respectively. Since 26 June 2007, these borrowings from Burg Industries B.V. were secured with a second pledge over all of the Holvrieka Group's inventories, trade receivables, property, plant and equipment and gross amount due from customers for contract work.

(v) In the opinion of the directors, all borrowings to/from related parties will be fully recovered or settled prior to the date of completion of the Proposed Transactions.

(d) ***Transactions with the Holvrieka Group's related parties***

The directors of Holvrieka Holding confirm that these transactions were conducted at pre-determined prices in accordance with terms mutually agreed between the Holvrieka Group and these related parties.

(e) ***Key management personnel remuneration***

Remuneration for key management personnel, including the highest paid employees as disclosed in note 7, is as follows:

	Year ended 31 December		
	2006	**2007**	**2008**
	€ '000	**€ '000**	**€ '000**
Short-term employee benefits	1,203	1,341	1,673
Post-employment pension benefits	82	97	123
	1,285	1,438	1,796

Total remuneration is included in "staff costs" (see note 4(b)).

33 **Parent and ultimate holding company**

The directors consider the immediate parent company of the Holvrieka Group to be Burg Industries B.V., which is incorporated in the Netherlands. Burg Industries B.V. does not produce financial statements available for public use.

At 31 December 2006, the directors consider the ultimate holding company of the Holvrieka Group to be Buhold B.V., which is incorporated in the Netherlands and does not produce financial statements available for public use. Since 26 June 2007, the directors consider the ultimate holding company of the Holvrieka Group to be China International Marine Containers (Group) Co., Ltd., which is established in the PRC, which produces financial statements available for public use.

34 **Significant accounting estimates and judgements**

In determining the carrying amounts of certain assets and liabilities, the Holvrieka Group makes assumptions of the effects of uncertain future events on those assets and liabilities as at the balance sheet dates. The Holvrieka Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Holvrieka Group's accounting policies.

(a) ***Key sources of estimation uncertainty***

Note 28 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(b) ***Critical accounting judgements in applying the Holvrieka Group's accounting policies***

(i) *Impairment*

In considering the impairment losses that may be required for certain of the Holvrieka Group's assets which include property, plant and equipment, intangible assets, and construction in progress (see note 1(h)(ii)), the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. The Holvrieka Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is the ability of the debtors to settle the receivables. Notwithstanding that the Holvrieka Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(ii) *Depreciation*

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Holvrieka Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Holvrieka Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(iii) *Warranty provision*

As described in note 26, the Holvrieka Group makes provision under the warranty it gives on sale of its products by taking into account the Holvrieka Group's recent claim experience. As the Holvrieka Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it would receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(iv) *Construction contracts*

As explained in policy notes 1(j) and note 1(r)(ii) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Holvrieka Group's recent experience and the nature of the construction activities undertaken by the Holvrieka Group, the Holvrieka Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 18 will not include profit which the Holvrieka Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(v) *Valuation of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in technique and competitor actions in response to adverse industry cycles. Management reassesses these estimates at each balance sheet date.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2008

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in the Financial Information.

The Holvrieka Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Holvrieka Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the Financial Information:

	Effective for accounting periods beginning on or after
HKFRS 8, *Operating Segments*	1 January 2009
Revised HKAS 1, *Presentation of Financial Statements*	1 January 2009
Revised HKAS 23, *Borrowing Costs*	1 January 2009
Revised HKFRS 3, Business Combinations	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
Revised HKAS 27, *Consolidated and Separate Financial Statements*	1 July 2009

36 Explanation of transition to HKFRSs

As stated in note 1, these are the Holvrieka Group's first consolidated financial statements prepared in accordance with HKFRSs.

The accounting policies set out in note 1 have been applied in preparing the Financial Information for the years ended 31 December 2006, 2007 and 2008 and in the preparation of an opening HKFRSs balance sheet at 1 January 2006 (the Holvrieka Group's date of transition).

In preparing its opening HKFRSs balance sheet, the Holvrieka Group has adjusted amounts reported previously in the financial statements prepared in accordance with Dutch GAAP (previous GAAP). An explanation of how the transition from previous GAAP to HKFRSs has affected the Holvrieka Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(a) ***Reconciliation of equity as at 1 January 2006 (date of transition to HKFRSs)***

	Notes	Previous GAAP	Prior year adjustments	Previous GAAP including adjustments	Effect of transition to HKFRSs	HKFRSs
		€'000	**€'000**	**€'000**	**€'000**	**€'000**
Non current assets						
Property, plant and equipment	*1,14*	5,063	69	5,132	64	5,196
Construction in progress		11	—	11	—	11
Other financial assets		1,636	—	1,636	—	1,636
		6,710	69	6,779	64	6,843
Current assets						
Inventories		5,545	—	5,545	—	5,545
Trade receivables	*3,4,5*	19,930	36	19,966	—	19,966
Deposits, other receivables and prepayments	*6,7,11*	7,951	(267)	7,684	919	8,603
Amounts due from related parties		2,765	—	2,765	—	2,765
Current tax recoverable	*7,10,17*	1,486	228	1,714	(412)	1,302
Cash and cash equivalents		1,440	—	1,440	—	1,440
		39,117	(3)	39,114	507	39,621
Current liabilities						
Bank loans and overdrafts		1,338	—	1,338	—	1,338
Trade payables	*5*	7,345	13	7,358	—	7,358
Other payables and accrued expenses	*8,9*	16,578	(7)	16,571	—	16,571
Amounts due to related parties		3,592	—	3,592	—	3,592
Provisions		20	—	20	—	20
		28,873	6	28,879	—	28,879
Net current assets		10,244	(9)	10,235	507	10,742
Total assets less current liabilities		16,954	60	17,014	571	17,585
Non-current liabilities						
Amounts due to related parties		1,197	—	1,197	—	1,197
Employee benefit liabilities	*12*	15	—	15	197	212
Provisions	*13*	451	—	451	(239)	212
Deferred tax liabilities	*15*	1,432	—	1,432	(90)	1,342
		3,095	—	3,095	(132)	2,963
NET ASSETS		13,859	60	13,919	703	14,622
CAPITAL AND RESERVES						
Issued capital		6,038	—	6,038	—	6,038
Reserves	*16*	7,821	60	7,881	703	8,584
Total equity attributable to equity shareholders of Holvrieka Holding		13,859	60	13,919	703	14,622
TOTAL EQUITY		13,859	60	13,919	703	14,622

(b) ***Reconciliation of equity as at 31 December 2006***

	Notes	Previous GAAP	Prior year adjustments	Previous GAAP including adjustments	Effect of transition to HKFRSs	HKFRSs
		€'000	€'000	€'000	€'000	€'000
Non current assets						
Property, plant and equipment	*1,2,14*	4,943	86	5,029	98	5,127
Other financial assets		1,000	—	1,000	—	1,000
		5,943	86	6,029	98	6,127
Current assets						
Inventories		14,366	—	14,366	—	14,366
Trade receivables	*3,4,5*	19,621	23	19,644	—	19,644
Deposits, other receivables and prepayments	*6,7,11*	8,011	(224)	7,787	775	8,562
Amounts due from related parties		5,022	—	5,022	—	5,022
Current tax recoverable	*7,10,17*	1,421	220	1,641	(383)	1,258
Cash and cash equivalents		531	—	531	—	531
		48,972	19	48,991	392	49,383
Current liabilities						
Bank loans and overdrafts		3,751	—	3,751	—	3,751
Trade payables	*5*	11,683	13	11,696	—	11,696
Other payables and accrued expenses	*8,9*	11,706	6	11,712	—	11,712
Amounts due to related parties		6,047	—	6,047	—	6,047
Employee benefit liabilities		8	—	8	—	8
Provisions		133	—	133	—	133
		33,328	19	33,347	—	33,347
Net current assets		15,644	—	15,644	392	16,036
Total assets less current liabilities		21,587	86	21,673	490	22,163
Non-current liabilities						
Amounts due to related parties		2,252	—	2,252	—	2,252
Employee benefit liabilities	*12*	10	—	10	215	225
Provisions	*13*	1,759	—	1,759	(262)	1,497
Deferred tax liabilities	*15*	1,905	—	1,905	(88)	1,817
		5,926	—	5,926	(135)	5,791
NET ASSETS		15,661	86	15,747	625	16,372
CAPITAL AND RESERVES						
Issued capital		6,038	—	6,038	—	6,038
Reserves	*16*	9,623	86	9,709	625	10,334
Total equity attributable to equity shareholders of Holvrieka Holding		15,661	86	15,747	625	16,372
TOTAL EQUITY		15,661	86	15,747	625	16,372

(c) ***Reconciliation of profit for the year ended 31 December 2006***

	Notes	Previous GAAP €'000	Prior year adjustments €'000	Previous GAAP including adjustments €'000	Effect of transition to HKFRSs €'000	HKFRSs €'000
Turnover	3,6,11	82,068	30	82,098	(144)	81,954
Cost of sales	*2,9,12,13,14*	(74,245)	4	(74,241)	39	(74,202)
		7,823	34	7,857	(105)	7,752
Other revenue		606	—	606	—	606
Other net income		188	—	188	—	188
Selling expenses		(1,525)	—	(1,525)	—	(1,525)
Administrative expenses		(4,470)	—	(4,470)	—	(4,470)
Profit from operations		2,622	34	2,656	(105)	2,551
Finance costs		(287)	—	(287)	—	(287)
Profit before taxation		2,335	34	2,369	(105)	2,264
Income tax	*10,15,17*	(533)	(8)	(541)	27	(514)
Profit for the year		1,802	26	1,828	(78)	1,750

Notes to the reconciliation of equity as at 1 January 2006 and 31 December 2006, and those to the reconciliation of profit for the year ended 31 December 2006

1. The prior year adjustment is related to understatement of gain on disposal of property, plant and equipment of €69,000 at 1 January 2006 and at 31 December 2006.

2. The prior year adjustment is related to overstatement of depreciation expenses of €17,000 for the year ended 31 December 2006.

3. The prior year adjustment is related to sale cut-off error, of which the effects are to increase "Trade receivables" by €18,000 and €5,000 at 1 January 2006 and 31 December 2006 respectively and to decrease the revenue by €13,000 for the year ended 31 December 2006.

4. The prior year adjustment is related to restatement of foreign exchange translation loss, of which the effect is to increase "Trade receivables" by €5,000 at 1 January 2006 and at 31 December 2006.

5. The prior year adjustment is related to reclassification of credit balance of "Trade receivables" to "Trade payables" by €13,000 at 1 January 2006 and at 31 December 2006.

6. The prior year adjustment is related to the erroneous calculation of the revenue from construction contracts. The effects are to decrease "Deposit, other receivables and prepayments" by €13,000 at 1 January 2006, to increase "Deposit, other receivables and prepayments" by €30,000 at 31 December 2006 and to increase the revenue by €43,000 for the year ended 31 December 2006.

7. The prior year adjustment is related to reclassification of "Deposit, other receivables and prepayments" to "Current tax recoverable" by €254,000 at 1 January 2006 and at 31 December 2006.

8. The prior year adjustment is related to overstatement of €26,000 for employee benefit charges at 1 January 2006 and at 31 December 2006.

9. The prior year adjustment is related to under accrual in unrecorded liabilities and other miscellaneous expenses, of which the effects are to increase "Other payables and accrued expenses" by €19,000 and €32,000 at 1 January 2006 and 31 December 2006 respectively and to increase "Cost of sales" by €13,000 for the year ended 31 December 2006.

10. The prior year adjustment is related to under provision of current tax expenses, of which the effects are to decrease "Current tax recoverable" by €26,000 and €34,000 at 1 January 2006 and 31 December 2006 respectively and to increase "Income tax expenses" by €8,000 for the year ended 31 December 2006.

11. Under previous GAAP, the recognition of revenue was based on the completed contract method. Under HKFRSs, in accordance with HKAS 11, this method is not allowed. For that reason the revenue for the year 2006 is recalculated based on the percentage of completion method. The effects are to increase "Deposit, other receivables and prepayments" by €919,000 and €775,000 at 1 January 2006 and 31 December 2006 respectively and to decrease the revenue by €144,000 for the year ended 31 December 2006.

12. Under previous GAAP, no jubilee provision was recognised. Under HKFRSs, in accordance with HKAS 19, existing jubilee obligations are recognised in a jubilee provision. The effects are to increase "Employee benefit liabilities" by €197,000 and €215,000 at 1 January 2006 and 31 December 2006 respectively and to increase "Cost of sales" by €18,000 for the year ended 31 December 2006.

13. Under previous GAAP, a maintenance provision for property, plant and equipment was recognised. Under HKFRSs, in accordance with HKAS 37, this provision should not be recognised. For that reason the maintenance provision for 2006 is fully derecognised. The effects are to decrease "Provisions" by €239,000 and €262,000 at 1 January 2006 and 31 December 2006 respectively and to decrease "Cost of sales" by €23,000 for the year ended 31 December 2006.

14. Maintenance costs which meet the criteria of capitalisation under HKAS 16 are capitalised under property, plant and equipment and are depreciated accordingly. The effects are to increase "Property, plant and equipment" by €64,000 and €98,000 at 1 January 2006 and 31 December 2006 respectively and to decrease "Cost of sales" by €34,000 for the year ended 31 December 2006.

15. The above changes in respect of GAAP difference adjustments decreased/(increase) the deferred tax liabilities as follows:

	1 January 2006	31 December 2006
	€'000	**€'000**
Employee benefit liabilities	62	64
Current tax recoverable	26	26
Others	2	(2)
Decrease in deferred tax liabilities	90	88

16. The effect of the above adjustments on retained earnings is as follows:

	Note	1 January 2006 €'000	31 December 2006 €'000
Deposits, other receivables and prepayments	*11*	919	775
Employee benefit liabilities	*12*	(197)	(215)
Provisions	*13*	239	262
Property, plant and equipment	*14*	64	98
Deferred tax liabilities	*15*	90	88
Current tax recoverable	*17*	(412)	(383)
Effect of total prior year adjustments		60	86
Total adjustments to retained earnings		763	711

17. The remeasurement in "Current tax recoverable" is the result of the effects from total GAAP difference adjustments and total prior year adjustments. The effects are to increase "Current tax recoverable" by €412,000 and €383,000 at 1 January 2006 and 31 December 2006 respectively and to decrease "Income tax" expenses by €29,000 for the year ended 31 December 2006.

(d) ***Explanation of material adjustments to the cash flow statement for 2006***

Interest received of €609,000 was classified as operating cash flows under previous GAAP and is reclassified as investing cash flows under HKFRSs. Interest paid of €343,000 was classified as operating cash flows under previous GAAP and is reclassified as financing cash flows under HKFRSs. Repayment of loan to customers of €636,000 was classified as financing cash flows under previous GAAP and is reclassified as investing cash flows under HKFRSs. There are no other material differences between the cash flow statement presented under HKFRSs and the cash flow statement presented under previous GAAP.

37 **Balance Sheet of Holvrieka Holding**

		31 December		
	Note	**2006**	**2007**	**2008**
		€'000	**€'000**	**€'000**
Non-current assets				
Property, plant and equipment		2,551	2,825	3,519
Investment in subsidiaries	*a*	9,198	9,198	9,198
Other financial assets		—	68	—
Deferred tax assets		—	18	—
		11,749	12,109	12,717
Current assets				
Derivative financial instruments		—	—	9
Trade receivables		—	50	—
Deposits, other receivables and prepayments		90	28	46
Amounts due from related parties		4,668	5,678	6,126
Cash and cash equivalents		288	289	1,687
		5,046	6,045	7,868
Current liabilities				
Derivative financial instruments		—	—	13
Trade payables		4	15	—
Other payables and accrued expenses		764	380	1,457
Current tax payable		77	—	187
Amounts due to related parties		11	946	—
		856	1,341	1,657
Net current assets		4,190	4,704	6,211
Total assets less current liabilities		15,939	16,813	18,928
Non-current liabilities				
Interest bearing loans		—	4,000	4,000
Provisions		—	75	75
Deferred tax liabilities		335	—	205
		335	4,075	4,280
NET ASSETS		15,604	12,738	14,648
CAPITAL AND RESERVES				
Share capital	*b*	6,038	6,038	6,038
Reserves	*c*	9,566	6,700	8,610
Total equity attributable to equity shareholders of Holvrieka Holding		15,604	12,738	14,648
TOTAL EQUITY		15,604	12,738	14,648

Notes:

(a) Interest in subsidiaries is stated at cost and details of the subsidiaries as at 31 December 2006, 2007 and 2008 are set out in Section A.

(b) Holvrieka Holding was incorporated in the Netherlands on 16 July 1976 with an authorised share capital of €12,000,000 comprising 120,000 ordinary shares of €100 each. Details of the issued shares are set out in Section C note 27.

(c) Movements of reserves

	Other reserve	Retained earnings	Total reserves
	€'000	**€'000**	**€'000**
At 1 January 2006	419	7,033	7,452
Profit for the year	—	2,114	2,114
Transfer	369	(369)	—
At 31 December 2006 and 1 January 2007	788	8,778	9,566
Profit for the year	—	1,134	1,134
Transfer	(142)	142	—
Dividend declared and paid during the year	—	(4,000)	(4,000)
At 31 December 2007 and 1 January 2008	646	6,054	6,700
Profit for the year	—	1,910	1,910
Transfers	119	(119)	—
At 31 December 2008	765	7,845	8,610

38 **Subsequent Financial Statements**

No audited financial statements have been prepared by Holvrieka Holding or the Holvrieka Group in respect of any period subsequent to 31 December 2008.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2008.

The audited financial statements of the Group for each of the three years ended 31 December 2008 are unqualified.

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 December 2008 as extracted from the annual reports of the Company for the years ended 31 December 2006, 2007 and 2008.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December		
	2006	**2007**	**2008**
	RMB	**RMB**	**RMB**
Turnover	769,951,661	940,991,256	1,237,280,263
Cost of sales	(549,994,345)	(686,513,120)	(907,730,951)
Gross profit	219,957,316	254,478,136	329,549,312
Other revenue	5,150,569	8,761,854	12,903,177
Other net (expenses)/income	(6,268,710)	296,264	(1,230,400)
Selling expenses	(33,207,484)	(42,460,347)	(62,187,296)
Administrative expenses	(68,341,794)	(85,188,282)	(111,706,758)
Profit from operations	117,289,897	135,887,625	167,328,035
Professional and other expenses incurred in connection with the listing of the Company's shares on the Main Board	(6,821,660)	—	—
Finance costs	(8,677,246)	(11,716,448)	(9,749,534)
Profit before taxation	101,790,991	124,171,177	157,578,501
Income tax	(5,287,472)	(5,295,118)	(23,171,847)
Profit for the year/period attributable to equity shareholders of the Company	96,503,519	118,876,059	134,406,654
Earnings per share			
- Basic	0.217	0.264	0.293
- Diluted	0.212	0.260	0.293

Note: No dividends were paid for the three years ended 31 December 2006, 2007 and 2008. There were neither minority interests, extraordinary nor exceptional items recorded for the three years ended 31 December 2006, 2007 and 2008.

CONSOLIDATED BALANCE SHEET

	At 31 December		
	2006	2007	2008
	RMB	RMB	RMB
Non-current assets			
Property, plant and equipment	173,563,440	208,092,809	226,136,331
Construction in progress	39,501,800	15,074,608	10,132,989
Lease prepayments	29,902,292	40,705,310	59,307,065
Intangible assets	7,801,264	6,759,251	8,551,942
Deposits for land use right	6,112,320	6,112,320	—
Prepayments for equity investment	—	—	17,070,063
Deferred tax assets	1,884,384	2,195,763	3,745,071
	258,765,500	278,940,061	324,943,461
Current assets			
Inventories	214,786,252	276,905,649	519,224,786
Trade and bills receivable	70,471,040	194,116,262	273,728,540
Deposits, other receivables and prepayments	22,431,418	36,778,081	77,140,195
Amounts due from related parties	21,017,425	300,000	2,052,942
Cash at bank and in hand	318,721,317	273,875,471	243,405,060
	647,427,452	781,975,463	1,115,551,523
Current liabilities			
Bank loans	167,733,123	140,899,217	166,803,157
Trade and bills payable	115,198,434	168,618,289	265,846,508
Other payables and accrued expenses	86,257,047	85,743,772	189,957,656
Amounts due to related parties	26,750,838	12,080,449	20,072,177
Provisions	2,605,539	2,605,539	4,850,717
Income tax payable	2,123,531	3,726,135	9,330,751
Deferred income	—	1,400,000	—
	400,668,512	415,073,401	656,860,966
Net current assets	246,758,940	366,902,062	458,690,557
Total assets less current liabilities	505,524,440	645,842,123	783,634,018
Non-current liabilities			
Deferred tax liabilities	—	—	3,385,241
NET ASSETS	505,524,440	645,842,123	780,248,777
CAPITAL AND RESERVES			
Share capital	4,630,080	4,768,770	4,768,770
Reserves	500,894,360	641,073,353	775,480,007
TOTAL EQUITY	505,524,440	645,842,123	780,248,777

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2008

Set out below are the audited financial statements for the two years ended 31 December 2007 and 2008 as extracted from the annual report of the Company for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Note	2008 RMB	2007 RMB
Turnover	3	1,237,280,263	940,991,256
Cost of sales		(907,730,951)	(686,513,120)
Gross profit		329,549,312	254,478,136
Other revenue	4	12,903,177	8,761,854
Other net (expenses)/income	4	(1,230,400)	296,264
Selling expenses		(62,187,296)	(42,460,347)
Administrative expenses		(111,706,758)	(85,188,282)
Profit from operations		167,328,035	135,887,625
Finance costs	5(a)	(9,749,534)	(11,716,448)
Profit before taxation	5	157,578,501	124,171,177
Income tax	6(a)	(23,171,847)	(5,295,118)
Profit for the year attributable to equity shareholders of the Company		134,406,654	118,876,059
Earnings per share	11		
- Basic		0.293	0.264
- Diluted		0.293	0.260

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	Note	2008 RMB	2007 RMB
Non-current assets			
Property, plant and equipment	12	226,136,331	208,092,809
Construction in progress	13	10,132,989	15,074,608
Lease prepayments	14	59,307,065	40,705,310
Intangible assets	15	8,551,942	6,759,251
Deposits for land use right		—	6,112,320
Prepayments for equity investment		17,070,063	—
Deferred tax assets	26(a)	3,745,071	2,195,763
		324,943,461	278,940,061
Current assets			
Inventories	17	519,224,786	276,905,649
Trade and bills receivable	18	273,728,540	194,116,262
Deposits, other receivables and prepayments	19	77,140,195	36,778,081
Amounts due from related parties	31(b)(I)	2,052,942	300,000
Cash at bank and in hand	20	243,405,060	273,875,471
		1,115,551,523	781,975,463
Current liabilities			
Bank loans	21	166,803,157	140,899,217
Trade and bills payable	22	265,846,508	168,618,289
Other payables and accrued expenses	23	189,957,656	85,743,772
Income tax payable		9,330,751	3,726,135
Amounts due to related parties	31(b)(II)	20,072,177	12,080,449
Provision	25	4,850,717	2,605,539
Deferred income	27	—	1,400,000
		656,860,966	415,073,401
Net current assets		458,690,557	366,902,062
Total assets less current liabilities		783,634,018	645,842,123
Non-current liabilities			
Deferred tax liabilities	26(a)	3,385,241	—
NET ASSETS		780,248,777	645,842,123
CAPITAL AND RESERVES			
Share capital	28	4,768,770	4,768,770
Reserves	28	775,480,007	641,073,353
TOTAL EQUITY		780,248,777	645,842,123

BALANCE SHEET
At 31 December 2008

	Note	2008 RMB	2007 RMB
Non-current assets			
Investments in subsidiaries	16	119,825,371	119,825,371
		119,825,371	119,825,371
Current assets			
Amounts due from a subsidiary	32	284,422,892	267,977,050
Cash at bank and in hand	20	69,248	16,799,004
		284,492,140	284,776,054
Net current assets		284,492,140	284,776,054
Total assets less current liabilities		404,317,511	404,601,425
NET ASSETS		404,317,511	404,601,425
CAPITAL AND RESERVES			
Share capital	28	4,768,770	4,768,770
Reserves	28	399,548,741	399,832,655
TOTAL EQUITY		404,317,511	404,601,425

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2008

	Note	2008 RMB	2007 RMB
Total equity at 1 January	28	645,842,123	505,524,440
Net profit for the year	28	134,406,654	118,876,059
Movements in equity arising from capital transactions:			
Equity-settled share-based transactions	28	—	1,349,822
Issuance of shares in connection with exercise of share options	28	—	20,091,802
		—	21,441,624
Total equity at 31 December		780,248,777	645,842,123

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2008

	Note	2008 RMB	2007 RMB
Operating activities			
Profit before taxation		157,578,501	124,171,177
Adjustments for:			
Depreciation	5(c)	22,579,561	17,304,734
Amortisation of intangible assets	5(c)	1,364,277	1,105,513
Amortisation of lease prepayments	5(c)	1,280,335	693,982
Interest income	4	(3,086,113)	(3,533,701)
Interest charges	5(a)	11,491,055	11,169,710
Loss on disposal of property, plant and equipment	4	2,048,162	252,219
Equity-settled share-based payment expenses	5(b)	—	1,349,822
Foreign exchange loss/(gain)		1,175,525	(102,295)
Operating profit before changes in working capital		194,431,303	152,411,161
Increase in inventories		(242,319,137)	(62,119,397)
Increase in trade and bills receivable		(79,612,278)	(123,645,222)
Increase in deposits, other receivables and prepayments		(37,962,114)	(14,346,663)
(Increase)/decrease in amounts due from related parties		(1,752,942)	20,717,425
(Increase)/decrease in restricted bank deposits for letters of credit		(20,450,272)	9,330,000
Increase in trade and bills payable		97,228,219	53,419,855
Increase/(decease) in other payables and accrued expenses		97,230,284	(513,275)
Increase/(decease) in amounts due to related parties		7,991,728	(14,670,389)
(Decrease)/increase in deferred income		(1,400,000)	1,400,000
Increase in provision for product warranties		2,245,178	—
Cash generated from operations		15,629,969	21,983,495
Income tax paid		(15,731,298)	(4,003,893)
Net cash (used in)/from operating activities		(101,329)	17,979,602

	Note	2008 RMB	2007 RMB
Investing activities			
Payment for acquisition of property, plant and equipment and construction in progress		(41,158,577)	(69,745,315)
Payment for acquisition of lease prepayments		(6,786,170)	(11,497,000)
Payment for intangible assets		(3,156,968)	(63,500)
Prepayment for equity investment		(17,070,063)	—
Proceeds from disposal of property, plant and equipment		1,028,951	223,943
Disposal of construction in progress		—	41,862,242
Interest received		3,086,113	3,533,701
Net cash used in investing activities		(64,056,714)	(35,685,929)
Financing activities			
Proceeds from issuance of shares in connection with exercise of share options	28	—	20,091,802
Proceeds from new bank loans		298,577,084	251,760,674
Repayment of bank loans		(270,226,488)	(276,736,258)
Interest paid		(11,491,055)	(11,169,710)
Net cash from/(used in) financing activities		16,859,541	(16,053,492)
Net decrease in cash and cash equivalents		(47,298,502)	(33,759,819)
Cash and cash equivalents at 1 January		257,191,471	292,707,317
Effect of foreign exchange rate changes		(3,622,181)	(1,756,027)
Cash and cash equivalents at 31 December	20	206,270,788	257,191,471

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

1. **Significant accounting policies**

(a) ***Statement of compliance***

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (collectively referred to as the "Group") and are expressed in Renminbi unless otherwise indicated.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) ***Basis of preparation of the financial statements***

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 36.

(c) ***Subsidiaries and minority interests***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 1(m) or (n) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)).

(d) ***Goodwill***

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(j)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) ***Investments in equity securities***

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are subsequently recognised in the balance sheet at cost less impairment losses (see note 1(j)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) ***Property, plant and equipment***

(i) Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(u)).

Gains or losses arsing from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(ii) Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 to 30 years
Leasehold improvements	2 to 5 years
Machinery	10 years
Motor vehicles	6 years
Office equipment	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iii) Construction in progress represents items of property, plant and equipment under construction and pending installation and is stated at cost less impairment losses (see note 1(j)). Cost comprises direct and indirect costs, related to acquisition and installation of the property, plant and equipment, incurred before the asset is substantially ready for its intended use.

Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided for construction in progress.

(g) ***Intangible assets (other than goodwill)***

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(u)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(j)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(j)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives of 10 years.

Both the period and method of amortisation are reviewed annually.

(h) ***Lease prepayments***

Lease prepayments represent payments for land use rights to the People's Republic of China ("PRC") authorities. Land use rights are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(j)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(i) ***Operating lease charges***

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(j) ***Impairment of assets***

(i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities (other than investments in subsidiaries: see note 1(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— construction in progress;

— lease prepayments;

— intangible assets;

— investments in subsidiaries; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (ii)).

(k) ***Inventories***

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) ***Trade and other receivables***

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) ***Trade and other payables***

Trade and other payables are initially recognised at fair value, and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) ***Employee benefits***

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Share based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(q) ***Income tax***

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) ***Provisions and contingent liabilities***

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) ***Revenue recognition***

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Sale of goods*

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) *Services*

Revenue from services is recognised in profit or loss at the time when services are rendered.

(iii) *Dividends*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iv) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(v) *Government grants*

Unconditional government grants are recognised in profit or loss as income when the grants become receivable.

Other government grants are presented initially in the balance sheet and shall be recognised in profit or loss when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grants. Grants related to assets are presented as deferred income in the balance sheet and are recognised in profit or loss on a systematic and rational basis over the useful lives of the assets. Grants related to compensating expenses are recognised in profit or loss on a systematic and rational basis in the same period as those expenses are charged in the profit or loss and are deducted in reporting the related expenses.

(t) ***Translation of foreign currencies***

Foreign currency transactions during the year are translated into Renminbi at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Renminbi using the foreign exchange rates ruling at the transaction dates.

(u) ***Borrowing costs***

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) ***Related parties***

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(w) ***Segment reporting***

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format for the purposes of these financial statements. As the Group's operations are predominantly in the PRC, no geographical segment information is presented.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2. **Changes in accounting policies**

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group:

- HK(IFRIC) 11, *HKFRS 2 — Group and treasury share transactions*
- HK(IFRIC) 12, *Service concession arrangements*
- HK(IFRIC) 14, *HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction*
- Amendments to HKAS 39, *Financial instruments: Recognition and measurement*, and HKFRS 7, *Financial instruments: Disclosures — Reclassification of financial assets*

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 37).

3. **Turnover**

The Group is principally engaged in the provision of integrated business solutions in the gas energy industry and the design, manufacture and sale of specialised gas equipment. Turnover represents the sales value of goods sold after allowances for returns of goods, excludes value added or other sales taxes and is after the deduction of any trade discounts.

The Group's core products are pressure vessels, compressors and integrated business solutions for gas equipment.

4. **Other revenue and other net (expenses)/income**

		2008	2007
		RMB	RMB
Other revenue			
Government grants	(i)	5,321,581	2,035,400
Other operating revenue	(ii)	4,495,483	3,192,753
Interest income from bank deposits		3,086,113	3,533,701
		12,903,177	8,761,854

(i) Government grants represent various forms of incentives and subsidies given to subsidiaries by the local PRC government.

(ii) Other operating revenue consists mainly of income earned from subcontracting services and the sale of scrap metals.

	2008	2007
	RMB	RMB
Other net (expenses)/income		
Loss on disposal of property, plant and equipment	(2,048,162)	(252,219)
Charitable donations	(1,399)	(20,000)
Other net income	819,161	568,483
	(1,230,400)	296,264

5. **Profit before taxation**

Profit before taxation is arrived at after charging/(crediting):

(a) ***Finance costs***

	2008	2007
	RMB	RMB
Interest on bank loans	11,491,055	11,169,710
Foreign exchange gain	(2,818,810)	(10,512)
Finance charges	1,077,289	557,250
	9,749,534	11,716,448

(b) ***Staff costs #***

	2008	2007
	RMB	RMB
Salaries, wages and allowances	95,844,561	71,356,538
Contributions to retirement schemes (note 29)	5,577,524	5,058,819
Equity-settled share-based payment expenses	—	1,349,822
	101,422,085	77,765,179

(c) ***Other items***

	2008	2007
	RMB	RMB
Cost of inventories #	907,730,951	686,513,120
Auditors' remuneration	2,542,604	2,212,560
Depreciation of property, plant and equipment #	22,579,561	17,304,734
Amortisation of intangible assets	1,364,277	1,105,513
Amortisation of lease prepayments	1,280,335	693,982
Impairment losses for:		
- Trade receivables	4,596,806	1,718,169
- Other receivables	419,558	—
Write-back of impairment losses for trade receivables	—	(21,344)
Write down of inventories	942,677	—
Reversal of write down of inventories	(763,995)	(413,516)
Research and development costs	20,743,596	15,052,518
Operating lease charges for property rental	3,197,867	1,831,762
Provision for product warranties	9,794,880	6,704,427

Cost of inventories includes RMB47,843,071 (2007: RMB35,389,900) relating to staff costs and depreciation expenses, amount of which is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6. **Income tax in the consolidated income statement**

(a) ***Taxation in the consolidated income statement represents:***

	2008	2007
	RMB	RMB
Current tax		
Provision for the year	21,853,195	5,606,497
Over-provision in respect of prior years	(517,281)	—
	21,335,914	5,606,497
Deferred tax		
Origination and reversal of temporary differences	1,835,933	(311,379)
	23,171,847	5,295,118

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the year. Profits of the Company's subsidiaries in the PRC are subject to PRC income taxes.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("new tax law") which takes effect on 1 January 2008. As a result of the new tax law, the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25% since then.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries in the PRC are entitled to exemption from state income tax for the first two years commencing from the year in which a taxable income is made after the offset of deductible losses incurred in prior years, and thereafter will be entitled to a 50% reduction in state income tax rate for the following three years.

According to the new tax law, the existing preferential tax rate currently enjoyed by the Group is gradually transited to the new standard rate of 25% over a five-year transitional period. The applicable income tax rate under the preferential tax policy of the Company's subsidiaries in the PRC expires at the shorter of the existing preferential tax period and the five-year transitional period.

During the year ended 31 December 2008, the Company's certain subsidiaries in the PRC were enjoying the aforesaid tax relief and accordingly the Company's subsidiaries were subject to income tax at 12.5% to 25% (2007: 0% to 15%).

In addition, according to the new tax law, PRC subsidiaries of the Company are levied the withholding tax on the dividends to their foreign investors arising from profits earned subsequent to 1 January 2008. Deferred tax liability amounting to RMB3,385,241 (see note26(a)) had been recognised in this regard.

(b) ***Reconciliation between tax expense and accounting profit at applicable tax rates:***

	2008	**2007**
	RMB	**RMB**
Profit before taxation	157,578,501	124,171,177
Notional tax on profit before taxation, calculated at the applicable rates	42,560,442	28,816,583
Tax effect of tax holiday granted	(20,676,811)	(14,719,670)
Tax incentives granted	(2,022,388)	(8,955,468)
Tax effect of non-deductible expenses	442,644	153,673
Deferred tax charge on distributable profits withholding tax	3,385,241	—
Over-provision in prior years	(517,281)	—
Actual tax expense	23,171,847	5,295,118

7. **Directors' remuneration**

Details of directors' remuneration for the year ended 31 December 2008 are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Sub-Total	Share-based payments	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Chairman:							
Zhao Qingsheng	—	—	—	—	—	—	—
Executive Directors:							
Jin Yongsheng	—	620,586	4,758	—	625,344	—	625,344
Wu Fapei	—	—	—	—	—	—	—
Jin Jianlong	—	—	—	—	—	—	—
Yu Yuqun	—	—	—	—	—	—	—
Shi Caixing	—	—	—	—	—	—	—
Qin Gang	—	—	—	—	—	—	—
Non-executive Director:							
Yang Yu	108,936	—	—	—	108,936	—	108,936
Independent non-executive Directors:							
Gao Zhengping	108,936	—	—	—	108,936	—	108,936
Shou Binan	108,936	—	—	—	108,936	—	108,936
Wong Chun Ho	108,936	—	—	—	108,936	—	108,936
	435,744	620,586	4,758	—	1,061,088	—	1,061,088

Details of directors' remuneration for the year ended 31 December 2007 are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Sub-Total	Share-based payments	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Chairman:							
Wang Yusuo ("Mr. Wang")#	—	713,515	—	—	713,515	363,373	1,076,888
Zhao Qingsheng *	—	—	—	—	—	—	—
Executive Directors:							
Jin Yongsheng	—	611,262	3,917	—	615,179	181,687	796,866
Cai Hongqiu #	—	475,677	—	—	475,677	127,180	602,857
Zhao Xiaowen #	—	351,321	3,030	—	354,351	90,843	445,194
Zhou Kexing #	—	317,118	—	—	317,118	90,843	407,961
Yu Jianchao #	—	237,839	—	—	237,839	90,843	328,682
Cheong Siu Fai ##	—	570,812	9,045	—	579,857	63,590	643,447
Wu Fapei *	—	—	—	—	—	—	—
Jin Jianlong *	—	—	—	—	—	—	—
Yu Yuqun *	—	—	—	—	—	—	—
Shi Caixing *	—	—	—	—	—	—	—
Qin Gang *	—	—	—	—	—	—	—
Non-executive Directors:							
Zhao Baoju #	95,136	—	—	—	95,136	—	95,136
Yang Yu *	—	—	—	—	—	—	—
Independent non-executive Directors:							
Gao Zhengping	119,499	—	—	—	119,499	—	119,499
Shou Binan	119,499	—	—	—	119,499	—	119,499
Wong Chun Ho	119,499	—	—	—	119,499	—	119,499
	453,633	3,277,544	15,992	—	3,747,169	1,008,359	4,755,528

Resigned on 15 October 2007.

Appointed on 11 January 2007 and resigned on 15 October 2007.

* Appointed on 21 September 2007.

Share-based payments represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(p)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 24.

8. **Individuals with highest emoluments**

Of the five individuals with the highest emoluments, one (2007: five) is a director whose emolument is disclosed in note 7. The aggregate of the emoluments in respect of the other four (2007: Nil) individuals are as follows:

	2008
	RMB
Salaries, allowances and benefits in kind	2,080,876
Retirement scheme contributions	20,406
	2,101,282

The emoluments of the four (2007: Nil) individuals with the highest emoluments are within the following band:

	2008
	Number of individuals
HKD Nil — HKD1,000,000	4

9. **Loss attributable to equity shareholders of the Company**

The loss attributable to equity shareholders of the Company includes a loss of RMB283,914 (2007: RMB1,276,384) which has been dealt with in the financial statements of the Company.

10. **Dividends**

No dividend has been paid or declared by the Company during the year ended 31 December 2008 (2007: Nil).

11. **Earnings per share**

(a) ***Basic earnings per share***

The calculation of basic earnings per share for the year ended 31 December 2008 is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,406,654 (2007: RMB118,876,059) and the weighted average number of ordinary shares of 459,000,000 (2007: 451,059,041) in issue during the year, calculated as follows:

	2008	**2007**
Issued ordinary shares at 1 January	459,000,000	445,200,000
Effect of share options exercised (note 24)	—	5,859,041
Weighted average number of ordinary shares at 31 December	459,000,000	451,059,041

(b) ***Diluted earnings per share***

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,406,654 (2007: RMB118,876,059) and the weighted average number of ordinary shares of 459,000,000 (2007: 457,308,467), calculated as follows:

	2008	**2007**
Weighted average number of ordinary shares used in calculating basic earnings per share at 31 December	459,000,000	451,059,041
Effect of dilutive potential ordinary shares in respect of the Company's share options scheme (note 24)	—	6,249,426
Weighted average number of ordinary shares used in calculating diluted earnings per share at 31 December	459,000,000	457,308,467

12. **Property, plant and equipment**

The Group

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Office equipment	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Cost						
Balance at 1 January 2007	90,396,035	2,154,092	89,950,091	9,791,607	8,546,331	200,838,156
Additions	873,415	919,387	390,319	4,645,720	2,639,688	9,468,529
Disposals	(40,337)	—	(198,474)	(547,499)	(108,438)	(894,748)
Transfers from construction in progress	28,706,345	—	14,135,391	—	—	42,841,736
Balance at 31 December 2007	119,935,458	3,073,479	104,277,327	13,889,828	11,077,581	252,253,673
Balance at 1 January 2008	119,935,458	3,073,479	104,277,327	13,889,828	11,077,581	252,253,673
Additions	677,065	1,909,537	1,033,947	1,086,763	2,622,460	7,329,772
Disposals	(180,468)	(3,073,479)	(3,747,533)	(2,660,000)	(17,952)	(9,679,432)
Value Added Tax ("VAT") refund (i)	—	—	(2,835,456)	—	—	(2,835,456)
Transfers from construction in progress	16,562,669	—	18,861,977	—	6,181,234	41,605,880
Balance at 31 December 2008	136,994,724	1,909,537	117,590,262	12,316,591	19,863,323	288,674,437
Accumulated depreciation						
Balance at 1 January 2007	(7,404,966)	(456,993)	(14,869,796)	(2,086,904)	(2,456,057)	(27,274,716)
Charge for the year	(4,740,175)	(516,551)	(8,714,677)	(1,802,184)	(1,531,147)	(17,304,734)
Written back on disposal	5,007	—	135,816	184,750	93,013	418,586
Balance at 31 December 2007	(12,140,134)	(973,544)	(23,448,657)	(3,704,338)	(3,894,191)	(44,160,864)
Balance at 1 January 2008	(12,140,134)	(973,544)	(23,448,657)	(3,704,338)	(3,894,191)	(44,160,864)
Charge for the year	(6,307,253)	(747,303)	(10,249,694)	(2,905,052)	(2,370,259)	(22,579,561)
Written back on disposal	22,212	1,565,680	2,009,549	589,000	15,878	4,202,319
Balance at 31 December 2008	(18,425,175)	(155,167)	(31,688,802)	(6,020,390)	(6,248,572)	(62,538,106)
Net book value						
At 31 December 2008	118,569,549	1,754,370	85,901,460	6,296,201	13,614,751	226,136,331
At 31 December 2007	107,795,324	2,099,935	80,828,670	10,185,490	7,183,390	208,092,809

(i) During the year ended 31 December 2008, the Company's subsidiaries in the PRC received VAT refund from local tax authorities for their purchase of domestic manufactured equipment.

As at 31 December 2008, the Group was in the process of registering the titles of buildings with net book values of RMB63,434,965 (2007: RMB57,817,228).

13. **Construction in progress**

	The Group	
	2008	**2007**
	RMB	**RMB**
At 1 January	15,074,608	39,501,800
Additions	43,015,565	71,773,786
Transfers to property, plant and equipment	(41,605,880)	(42,841,736)
Transfers to lease prepayments	(3,794,336)	(11,497,000)
Transfers to intangible assets	(2,556,968)	—
Disposals	—	(41,862,242)
At 31 December	10,132,989	15,074,608

During 2007, the Company adjusted its development strategy and sold a research and development centre with net book value of RMB41,862,242 to a third party at cost.

14. **Lease prepayments**

	The Group	
	2008	**2007**
	RMB	**RMB**
Cost		
At 1 January	43,625,999	32,128,999
Additions	16,087,754	—
Transfers from construction in progress	3,794,336	11,497,000
At 31 December	63,508,089	43,625,999
Accumulated amortisation		
At 1 January	(2,920,689)	(2,226,707)
Charge for the year	(1,280,335)	(693,982)
At 31 December	(4,201,024)	(2,920,689)
Net book value		
At 31 December	59,307,065	40,705,310

Lease prepayments represent payments for land use rights paid to the PRC authorities. The Group's land use rights have remaining terms ranging from 39 to 49 years as at 31 December 2008.

As at 31 December 2008, the Group was in the process of registering the titles of land use rights with net book values of RMB11,177,988 (2007: RMB11,497,000).

15. **Intangible assets**

	The Group	
	2008	2007
	RMB	RMB
Cost		
At 1 January	11,072,132	11,008,632
Additions	600,000	63,500
Transfers from construction in progress	2,556,968	—
At 31 December	14,229,100	11,072,132
Accumulated amortisation		
At 1 January	(4,312,881)	(3,207,368)
Charge for the year	(1,364,277)	(1,105,513)
At 31 December	(5,677,158)	(4,312,881)
Net book value		
At 31 December	8,551,942	6,759,251

Intangible assets mainly represent technical know-how used in the production of compressors and provision of integrated business solutions for gas equipment.

The amortisation charge for the year is included in "administrative expenses" in the consolidated income statement.

16. **Investments in subsidiaries**

	The Company	
	2008	2007
	RMB	RMB
Unlisted shares, at cost	119,825,371	119,825,371

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of establishment/ incorporation and operation	Authorised/registered/ paid-in capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities
Enric Investment Group Limited ("EIGL")	British Virgin Islands 1 May 2002	Authorised capital of USD50,000 and paid-in capital of USD100	100%	—	Investment holding
Enric (Bengbu) Compressor Company Limited	PRC 14 March 2002	Registered and paid-in capital of HKD60,808,385	—	100%	Manufacture and sale of compressors and related accessories
Enric Anhui Investment Limited	British Virgin Islands 29 April 2002	Authorised capital of USD50,000 and paid-in capital of USD1	—	100%	Investment holding
Enric Shijiazhuang Investment Limited	British Virgin Islands 29 April 2002	Authorised capital of USD50,000 and paid-in capital of USD1	—	100%	Investment holding
Shijiazhuang Enric Gas Equipment Company Limited	PRC 30 September 2003	Registered and paid-in capital of USD7,000,000	—	100%	Manufacture and sale of pressure vessels
Enric Langfang Investment Limited	British Virgin Islands 14 September 2004	Authorised capital of USD50,000 and paid-in capital of USD1	—	100%	Investment holding
Enric Integration (HK) Company Limited	Hong Kong 15 October 2007	Authorised capital of HKD10,000 and paid-in capital of HKD1	—	100%	Investment holding
Enric (Langfang) Energy Equipment Integration Company Limited	PRC 28 December 2004	Registered and paid-in capital of HKD50,000,000	—	100%	Provision of integrated business solutions for gas equipment
Beijing Enric Energy Technologies Limited	PRC 16 December 2005	Registered and paid-in capital of HKD40,000,000	—	100%	Research and development of technology for application in natural gas equipment
CIMC Enric (Jingmen) Energy Equipment Company Limited ("Enric Jingmen")	PRC 16 July 2008	Registered capital of HKD50,000,000 and paid-in capital of HKD10,000,000	—	100%	Investment holding

17. **Inventories**

(a) ***Inventories in the balance sheet comprise:***

	The Group	
	2008	**2007**
	RMB	**RMB**
Raw materials	219,147,061	114,107,235
Goods in transit	32,591,677	6,304,594
Work in progress	152,879,585	78,402,587
Finished goods	114,606,463	78,091,233
	519,224,786	276,905,649

(b) ***The analysis of the amount of inventories recognised as an expense is as follows:***

	The Group	
	2008	**2007**
	RMB	**RMB**
Carrying amount of inventories sold	907,730,951	686,513,120
Write-down of inventories	942,677	—
Reversal of write-down of inventories	(763,995)	(413,516)
	907,909,633	686,099,604

The reversal of write-down of inventories arose as a result of the subsequent usage of long-aged raw materials for which a write-down was made in prior years.

18. **Trade and bills receivable**

	The Group	
	2008	**2007**
	RMB	**RMB**
Trade debtors and bills receivable	283,693,260	199,484,176
Less: allowance for doubtful debts (note 18(b))	(9,964,720)	(5,367,914)
	273,728,540	194,116,262

(a) ***Ageing analysis***

An ageing analysis of trade and bills receivable (net of impairment losses for bad and doubtful debts) is as follows:

	The Group	
	2008	**2007**
	RMB	**RMB**
Current	122,315,582	92,505,026
Less than 1 month past due	39,079,826	43,036,686
1 to 3 months past due	43,046,037	27,339,189
More than 3 months but less than 12 months past due	52,058,941	31,235,361
More than 12 months past due	17,228,154	—
Amounts past due	151,412,958	101,611,236
	273,728,540	194,116,262

Trade and bills receivable are expected to be recovered within one year. In general, debts are due for payment upon billing. Subject to negotiation, credit terms within a range of three to twelve months are available for certain customers with well-established trading and payment records on a case-by-case basis. Further details on the Group's credit policy are set out in note 33(a).

(b) ***Impairment of trade and bills receivable***

Impairment losses in respect of trade and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivable directly (see note 1(j)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2008	**2007**
	RMB	**RMB**
At 1 January	5,367,914	3,671,089
Impairment loss recognised	4,596,806	1,718,169
Written back	—	(21,344)
At 31 December	9,964,720	5,367,914

At 31 December 2008, the Group's trade and bills receivable of RMB16,603,110 (2007: RMB7,920,032) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB9,964,720 (2007: RMB5,367,914) were recognised. The Group does not hold any collateral over these balances.

(c) ***Trade and bills receivable that are not impaired***

The ageing analysis of trade and bills receivable that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2008	**2007**
	RMB	**RMB**
Neither pass due nor impaired	122,315,582	91,358,684
Less than 1 month past due	38,863,526	43,036,686
1 to 3 months past due	43,046,037	27,339,189
More than 3 months but less than 12 months past due	49,169,870	29,829,585
More than 12 months past due	13,695,135	—
	144,774,568	100,205,460
	267,090,150	191,564,144

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. **Deposits, other receivables and prepayments**

	The Group	
	2008	**2007**
	RMB	**RMB**
Advances to suppliers	49,768,376	29,938,206
Deposits for bidding, construction work and equipment purchase	4,182,811	3,108,286
Staff advances	1,386,395	2,312,456
Deductible input VAT	5,403,315	—
VAT refundable for export sales	6,439,321	—
Receivables for disposal of property, plant and equipment	2,400,000	—
Prepayments for services	4,034,987	—
Others	3,524,990	1,419,133
	77,140,195	36,778,081

20. **Cash at bank and in hand**

	The Group		The Company	
	2008	2007	2008	2007
	RMB	RMB	RMB	RMB
Cash and cash equivalents				
- Cash in hand and demand deposits	171,527,076	236,734,243	69,248	16,799,004
- Restricted bank deposits for letters of credit and bills payable within three months of maturity	34,743,712	20,457,228	—	—
	206,270,788	257,191,471	69,248	16,799,004
Restricted bank deposits for letters of credit and bills payable with maturity of more than three months	37,134,272	16,684,000	—	—
	243,405,060	273,875,471	69,248	16,799,004

21. **Bank loans**

	The Group	
	2008	2007
	RMB	RMB
Bank loans - guaranteed	166,803,157	140,899,217

The annual rate of interest charged on the bank loans ranged from 5.6% to 7.5% for year ended 31 December 2008 (2007: 5.6% to 7.3%).

22. **Trade and bills payable**

	The Group	
	2008	2007
	RMB	RMB
Trade creditors	145,096,508	99,118,289
Bills payable	120,750,000	69,500,000
	265,846,508	168,618,289

An ageing analysis of trade and bills payable of the Group is as follows:

	The Group	
	2008	**2007**
	RMB	**RMB**
Due within 3 months or on demand	253,846,508	151,118,289
Due after 3 months but within 6 months	12,000,000	17,500,000
	265,846,508	168,618,289

All of the trade and bills payable are expected to be settled within one year.

23. **Other payables and accrued expenses**

	The Group	
	2008	**2007**
	RMB	**RMB**
Advances from customers	92,928,406	40,871,121
Advances from local government for construction of production plant and facilities	40,000,000	—
Payables for acquisition of land use right	6,983,600	—
Payables for construction work	14,732,601	14,753,860
Other taxes payable	1,728,324	7,896,645
Accrued expenses	11,381,585	6,912,425
Employees' bonus and welfare	16,067,399	8,654,992
Other surcharges payable	2,653,029	2,697,663
Directors' remuneration	854,243	955,708
Others	2,628,469	3,001,358
	189,957,656	85,743,772

24. **Equity-settled share-based transactions**

The Company adopted the Pre-GEM Listing Share Option Plan which was approved by the then sole shareholder on 26 September 2005 whereby the Company invited certain then directors and employees of the Group to take up options at HKD1 consideration to subscribe for 13,800,000 ordinary shares of the Company. The exercise price of such share options was HKD1.50, which was determined based on the new issue price of the Company's shares on 18 October 2005.

The Pre-GEM Listing Share Option Plan was valid from 26 September 2005 to 17 October 2005, after which no further options were granted but its provisions will remain in force until 25 September 2015 so as to give effect to the exercise of any options granted.

All outstanding share options under the Pre-GEM Listing Share Option Plan were exercised during the year ended 31 December 2007. The weighted average share price at the date of exercise for the share options exercised was HKD7.12.

On 12 July 2006, the Company's shareholders passed a resolution to approve the adoption of another share option scheme (the "Main Board Share Option Scheme"). No options were granted under the Main Board Share Option Scheme during the year ended 31 December 2008 (2007: Nil).

25. **Provision for product warranties**

	The Group	
	2008	**2007**
	RMB	**RMB**
At 1 January	2,605,539	2,605,539
Provisions made during the year	9,794,880	6,704,427
Provisions utilised	(7,549,702)	(6,704,427)
At 31 December	4,850,717	2,605,539

Under the normal terms of the Group's sales agreements, the Group will rectify any product defects arising within one year of the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the one year prior to the balance sheet date.

26. **Deferred tax**

(a) ***Deferred tax assets and liabilities recognised:***

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

	The Group						
Deferred tax arising from:	**Impairment losses for trade and other receivables**	**Write-down of inventories**	**Provision for product warranties**	**Depreciation allowances in excess of the related depreciation**	**Amortisation of intangible assets**	**Distributable profits of PRC subsidiaries**	**Total**
	RMB	**RMB**	**RMB**	**RMB**	**RMB**	**RMB**	**RMB**
At 1 January 2007	1,180,140	253,082	451,162	—	—	—	1,884,384
Credited/(charged) to profit or loss	564,303	65,433	(164,679)	235,922	(389,600)	—	311,379
At 31 December 2007	1,744,443	318,515	286,483	235,922	(389,600)	—	2,195,763
At 1 January 2008	1,744,443	318,515	286,483	235,922	(389,600)	—	2,195,763
Credited/(charged) to profit or loss	1,045,708	(100,604)	599,264	(4,660)	9,600	(3,385,241)	(1,835,933)
At 31 December 2008	2,790,151	217,911	885,747	231,262	(380,000)	(3,385,241)	359,830

	The Group	
	2008	2007
	RMB	RMB
Net deferred tax asset recognised on the balance sheet	3,745,071	2,195,763
Net deferred tax liability recognised on the balance sheet	(3,385,241)	—
	359,830	2,195,763

(b) ***Deferred tax assets not recognised***

In accordance with the accounting policy set out in note 1(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB7,418,624 (2007: RMB3,401,992) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses carry-forward period shall not exceed five years under current tax legislation.

(c) ***Deferred tax liabilities not recognised***

At 31 December 2008, temporary differences relating to undistributed profits of subsidiaries amounted to RMB135,409,643. Deferred tax liabilities of RMB10,155,723 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and its has been determined that it is probable that profits will not be distributed in the foreseeable future.

27. Deferred income

	The Group	
	2008	2007
	RMB	RMB
At 1 January	1,400,000	—
Received during the year	900,000	1,400,000
Recognised in profit or loss	(2,300,000)	—
At 31 December	—	1,400,000

Deferred income represents research and development funds obtained from the government through a public university in the PRC during the years ended 31 December 2007 and 2008, which are for the purposes of sponsoring the costs of research and development of hydrogen refuelling station equipment and technologies incurred by the Group. The funds obtained were recognised in the profit or loss in 2008, as the related expenses were charged in the same year and were deducted in reporting the related research and development expenses.

28. **Capital and reserves**

(a) ***The Group***

	Attributable to equity shareholders of the Company						
	Share capital	**Share premium**	**Contributed surplus**	**Capital reserve**	**General reserve fund**	**Retained profits**	**Total**
	RMB	**RMB** *(iii)*	**RMB** *(iv)*	**RMB** *(v)*	**RMB** *(vi)*	**RMB**	**RMB**
At 1 January 2007	4,630,080	260,619,986	15,709,935	5,593,799	21,484,479	197,486,161	505,524,440
Equity-settled share-based transactions (note 24)	—	—	—	1,349,822	—	—	1,349,822
Issuance of shares in connection with exercise of share options (ii)	138,690	26,896,733	—	(6,943,621)	—	—	20,091,802
Profit for the year	—	—	—	—	—	118,876,059	118,876,059
Transfer between reserves	—	—	—	—	16,155,691	(16,155,691)	—
At 31 December 2007	4,768,770	287,516,719	15,709,935	—	37,640,170	300,206,529	645,842,123
At 1 January 2008	4,768,770	287,516,719	15,709,935	—	37,640,170	300,206,529	645,842,123
Profit for the year	—	—	—	—	—	134,406,654	134,406,654
Transfer between reserves	—	—	—	—	15,045,516	(15,045,516)	—
At 31 December 2008	4,768,770	287,516,719	15,709,935	—	52,685,686.	419,567,667	780,248,777

(b) ***The Company***

	Attributable to equity shareholders of the Company					
	Share capital	**Share premium**	**Contributed surplus**	**Capital reserve**	**Accumulated losses**	**Total**
	RMB	**RMB** *(iii)*	**RMB** *(iv)*	**RMB** *(v)*	**RMB**	**RMB**
At January 2007	4,630,080	260,619,986	119,825,362	5,593,799	(6,233,042)	384,436,185
Equity-settled share-based transactions (note 24)	—	—	—	1,349,822	—	1,349,822
Issuance of shares in connection with exercise of share options (ii)	138,690	26,896,733	—	(6,943,621)	—	20,091,802
Loss for the year	—	—	—	—	(1,276,384)	(1,276,384)
At 31 December 2007	4,768,770	287,516,719	119,825,362	—	(7,509,426)	404,601,425
At 1 January 2008	4,768,770	287,516,719	119,825,362	—	(7,509,426)	404,601,425
Loss for the year	—	—	—	—	(283,914)	(283,914)
At 31 December 2008	4,768,770	287,516,719	119,825,362	—	(7,793,340)	404,317,511

(c) ***Share capital***

	2008		2007	
	Number of shares	**RMB equivalent**	**Number of shares**	**RMB equivalent**
Authorised:				
Ordinary shares of the Company of HKD0.01 each (i)	10,000,000,000		10,000,000,000	
Ordinary shares of the Company issued and fully paid:				
At 1 January	459,000,000	4,768,770	445,200,000	4,630,080
Shares issued under share option scheme (ii)	—	—	13,800,000	138,690
At 31 December	459,000,000	4,768,770	459,000,000	4,768,770

(i) The Company was incorporated in the Cayman Islands under the Companies Law (Revised) as an exempted company with limited liability on 28 September 2004.

On 18 October 2005, the Company listed its shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 20 July 2006, the Company withdrew the listing of its shares on the GEM of the Stock Exchange and listed its entire issued share capital by way of introduction on the Main Board of the Stock Exchange.

(ii) During the year ended 31 December 2007, options under the Pre-GEM Listing Share Option Plan were exercised to subscribe for 13,800,000 ordinary shares in the Company at a consideration of HKD20,700,000 (equivalent to RMB20,091,802) of which HKD138,000 (equivalent to RMB138,690) was credited to share capital and HKD20,562,000 (equivalent to RMB19,953,112) was credited to the share premium account. In addition, RMB6,943,621 has been transferred from the capital reserve to the share premium account.

(iii) Share premium

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands.

(iv) Contributed surplus

The contributed surplus of the Group represents the difference between (a) the nominal value of the share capital and the existing balance on the share premium account of a subsidiary acquired; and (b) the nominal value of the shares issued by the Company in exchange under a reorganisation of the Group during the year ended 31 December 2005.

The contributed surplus of the Company represents the difference between (a) the consolidated net assets of the subsidiaries acquired; and (b) the nominal value of the shares issued by the Company in exchange under a reorganisation of the Group during the year ended 31 December 2005.

(v) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to optionees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 1(p)(ii).

(vi) General reserve fund

The Group's wholly owned subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with PRC accounting rules and regulations, to the general reserve fund until the balance reaches 50% of the registered capital.

The general reserve fund can be used for the subsidiaries' working capital purposes and to make up for previous years' losses, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distributing dividends to the Company.

(vii) Distributability of reserves

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

At 31 December 2008, the Company had RMB399,548,741 available for distribution to equity shareholders of the Company (2007: RMB399,832,655).

(viii) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt to adjusted capital ratio. For this purpose the Group regards net debt as total debt (which includes interest-bearing loans and borrowings, trade and bills payable, other payables and accrued expenses and amounts due to related parties) less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

During 2008, the Group's strategy was to maintain the net debt to adjusted capital ratio within 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt to adjusted capital ratio is as follows:

		The Group	
		2008	2007
	Note	RMB	RMB
Current liabilities			
Bank loans	21	166,803,157	140,899,217
Trade and bills payable	22	265,846,508	168,618,289
Other payables and accrued expenses	23	189,957,656	85,743,772
Amounts due to related parties	31(b)(II)	20,072,177	12,080,449
Total debt		642,679,498	407,341,727
Less: Cash and cash equivalents	20	(206,270,788)	(257,191,471)
Net debt		436,408,710	150,150,256
Total equity and adjusted capital		780,248,777	645,842,123
Net debt to adjusted capital ratio		56%	23%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. **Retirement benefits**

The subsidiaries in the PRC participate in government pension schemes whereby they are required to pay annual contributions at the rates of 20% of the basic salaries of their PRC employees. Under these schemes, retirement benefits of the existing and retired employees are payable by the relevant authorities and the Group has no further obligations beyond the annual contributions.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD20,000. Contributions to the plan vest immediately.

The Group does not operate any other retirement benefits schemes for its employees.

30. **Commitments**

(a) Capital commitments outstanding at 31 December 2008 not provided for in the financial statements are as follows:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RMB	**RMB**	**RMB**	**RMB**
Contracted for				
- Production facilities	20,187,428	4,791,718	—	—
- Equity investment	38,404,712	—	—	—
	58,592,140	4,791,718	—	—
Authorised but not contracted for				
- Production facilities	10,108,400	700,000	—	—
	68,700,540	5,491,718	—	—

(b) At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	RMB	**RMB**	**RMB**	**RMB**
Within 1 year	1,565,145	224,429	—	—
After 1 year but within 5 years	2,237,451	12,000	—	—
	3,802,596	236,429	—	—

The Group leases a number of properties and office equipment under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

31. **Material related party transactions**

(a) ***Transactions with related parties***

			The Group	
			Year ended 31 December	
Name of party	**Nature of transactions**		**2008**	**2007**
			RMB	**RMB**
China International Marine Containers (Group) Company Limited ("CIMC") and its subsidiaries (i)	Sales	(ii)	21,742,406	12,721,368
	Purchases	(iii)	74,331,733	14,842,983
Mr. Wang (i)	Sales	(ii)	—	138,199,812
	Purchases	(iii)	—	1,979,535
	Rental of property and office equipment and property management fee	(iv)	—	1,253,215
	Other services	(v)	—	350,000
	Connection fees	(vi)	—	27,164

(i) Mr. Wang and Ms. Zhao Baoju, the spouse of Mr. Wang, were the former ultimate controlling parties of the Company through their interests in Xinao Group International Investment Limited ("XGII").

On 30 July 2007, XGII and Charm Wise Limited, a wholly-owned subsidiary of CIMC, entered into a share transfer agreement pursuant to which Charm Wise Limited acquired from XGII a total of 190,703,000 shares in the Company, representing approximately 42.18% of the then entire issued share capital of the Company. Since then, XGII holds 43,441,000 shares in the Company, approximately 9.61% of the entire issued share capital of the Company on the same date. The directors consider that CIMC obtained control of the Company with effect from 15 October 2007, after which XGII ceases to be regarded as a related party of the Group for the purposes of these financial statements.

Accordingly, CIMC and its subsidiaries are regarded as related parties of the Group from 15 October 2007 for the purposes of these financial statements.

(ii) Sales to related parties mainly represent the sale of compressors, pressure vessels and integrated business solutions for gas equipment.

(iii) Purchases from related parties mainly represent purchases of natural gas and raw materials for production.

(iv) These relate to:

- the lease of property and office equipment by the Group from Xinao Group Solar Energy Company Limited, a related party controlled by Mr. Wang, for a term of 3 years from 30 September 2004 to 29 September 2007, at an annual rental of RMB520,000;

- property management services provided by Langfang Xinao Property Management Company Limited, a related party controlled by Mr. Wang, to the Group for a term of 3 years from 30 September 2004 to 29 September 2007, at an annual rate of RMB180,000;

- the lease of property and office equipment by the Group from Xinao Gas Investment Group Limited, a related party in which Mr. Wang and Ms. Zhao Baoju have substantive interests through XGII, for a term of 3 years from 1 February 2005 to 31 January 2008, at an annual rental of HKD455,544; and

- the lease of property and office equipment by the Group from Langfang Xinao Gas Equipment Company Limited, a related party in which Mr. Wang and Ms. Zhao Baoju have substantive interests through XGII, for a term of 2 years and 4 months from 1 November 2005 to 29 February 2008, at an annual rental of RMB466,209.

(v) This represents services provided to the Group by Xinao Beihai Gas Company Limited, a related party controlled by Mr. Wang, in relation to technical support.

(vi) During the year ended 31 December 2007, Shijiazhuang Xinao Gas Company Limited, a related party in which Mr. Wang and Ms. Zhao Baoju have substantive interests through XGII, provided gas connection services to the Group.

(vii) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 7 and the highest paid employees as disclosed in note 8, is as follows:

	2008	2007
	RMB	RMB
Short-term employee benefits	4,788,017	5,622,317
Equity compensation benefits	—	1,181,463
	4,788,017	6,803,780

Total remuneration is included in "staff costs" (see note 5(b)). The share options granted to key management personnel had been fully exercised during 2007 (see note 24).

(b) ***Balances with related parties***

(I) *Amounts due from related parties are as follows:*

	The Group	
	2008	2007
	RMB	RMB
Trade balances (i)	2,052,942	300,000

(i) This represents receivables from sales of the Group's products to related parties.

(II) *Amounts due to related parties are as follows:*

	The Group	
	2008	2007
	RMB	RMB
Trade balances (i)	20,072,177	12,080,449

(i) This represents payables for purchases of raw materials and receipts in advance for sale of goods.

32. **Amounts due from a subsidiary**

At 31 December 2008, these represent cash advances to EIGL. These amounts are unsecured, interest-free and repayable on demand.

33. **Financial risk management and fair values**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) ***Credit risk***

The Group's credit risk is primarily attributable to trade and bills receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and bills receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than six months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a certain concentration of credit risk as 20% (2007: 19%) and 32% (2007: 31%) of the total trade and bills receivable are due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group does not provide financial guarantees to parties outside the Group which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivable are set out in note 18.

(b) ***Liquidity risk***

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the parent company when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

The Group

	2008 Contractual undiscounted cash flow			2007 Contractual undiscounted cash flow		
	Within 1 year or on demand	Total	Balance sheet carrying amount	Within 1 year or on demand	Total	Balance sheet carrying amount
	RMB	RMB	RMB	RMB	RMB	RMB
Bank loans	170,714,039	170,714,039	166,803,157	145,974,592	145,974,592	140,899,217
Bills payable, creditors and accrued expenses	322,875,758	322,875,758	322,875,758	213,490,940	213,490,940	213,490,940
Amounts due to related parties	20,072,177	20,072,177	20,072,177	12,080,449	12,080,449	12,080,449
	513,661,974	513,661,974	509,751,092	371,545,981	371,545,981	366,470,606

(c) ***Interest rate risk***

The Group adopts a policy of ensuring that 100% of its borrowings are effectively on a fixed rate basis. Therefore, the Group's interest rate risk arises primarily from floating rate bank deposits. Floating rate bank deposits expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) *Interest rate profile*

The following table details the interest rate profile of the Group's and the Company's floating rate bank deposits at the balance sheet date.

The Group

	2008		2007	
	Effective interest rate %	RMB	Effective interest rate %	RMB
Floating rate bank deposits	1.2%	243,376,531	1.3%	273,854,430

The Company

	2008		2007	
	Effective interest rate %	**RMB**	**Effective interest rate %**	**RMB**
Floating rate bank deposits	2.4%	69,248	2.9%	16,799,003

(ii) *Sensitivity analysis*

At 31 December 2008, it is estimated that a general increase/decrease of 20 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately RMB432,564 (2007: RMB498,122). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above in respect of the exposure to cash flow interest rate risk arising from floating rate bank deposits held by the Group at the balance sheet date, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest income of such a change in interest rates. The analysis is performed on the same basis for 2007.

(d) ***Foreign currency risk***

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk is primarily United States dollars and Euros. The Group manages this risk as follows:

(i) *Forecast transactions*

Depreciation or appreciation of the Renminbi against foreign currencies can affect the Group's results. The Group did not hedge its foreign currency exposure other than by retaining its foreign currency denominated earnings and receipts to the extent permitted by the State Administration of Foreign Exchange.

(ii) *Recognised assets and liabilities*

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's borrowings are denominated in Renminbi, United States dollars and Euros. The borrowings denominated in United States dollars and Euros were for financing of import of materials. The period of these borrowings are generally within 3 months. The Group considered the foreign currency risk arising from these short term borrowings is insignificant and no hedge was made against its foreign currency exposure.

(iii) *Exposure to currency risk*

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the Renminbi.

The Group

	Exposure to foreign currencies (expressed in Renminbi)		
	2008		
	United States Dollars	Hong Kong Dollars	Euros
Trade and bills receivable	55,256,764	—	—
Deposits, other receivables and prepayments	201,621	149,736	—
Cash and cash equivalents	4,398,229	15,711,506	769,677
Bank loans	(9,203,623)	—	(47,599,533)
Trade and bills payable	(192,818)	—	(4,298,197)
Other payables and accrued expenses	(5,568,142)	(2,024,145)	—
Overall net exposure	44,892,031	13,837,097	(51,128,053)

The Group

	Exposure to foreign currencies (expressed in Renminbi)				
	2007				
	United States Dollars	Hong Kong Dollars	Australian Dollars	New Zealand Dollars	Euros
Trade and bills receivable	9,627,521	—	—	—	—
Deposits, other receivables and prepayments	6,693,132	—	—	—	—
Cash and cash equivalents	2,042,352	10,378,654	13,439,530	14,109,692	13,289,987
Bank loans	(5,899,217)	—	—	—	—
Trade and bills payable	(5,773,921)	—	—	—	—
Other payables and accrued expenses	(1,774,674)	(1,385,879)	—	—	—
Overall net exposure	4,915,193	8,992,775	13,439,530	14,109,692	13,289,987

The Company

	Exposure to foreign currencies (expressed in Renminbi)			
	2008		2007	
	Hong Kong Dollars	Australian Dollars	Hong Kong Dollars	Australian Dollars
Cash and cash equivalents	69,248	—	9,133,370	7,665,633
Overall net exposure	69,248	—	9,133,370	7,665,633

(iv) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

The Group

	2008		2007	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
United States Dollars	6%	2,516,606	6%	321,464
	(6%)	(2,516,606)	(6%)	(321,464)
Hong Kong Dollars	6%	675,291	7%	611,333
	(6%)	(675,291)	(7%)	(611,333)
Australian Dollars	N/A	—	4%	531,699
	N/A	—	(4%)	(531,699)
New Zealand Dollars	N/A	—	3%	406,586
	N/A	—	(3%)	(406,586)
Euros	9%	(4,227,139)	4%	518,318
	(9%)	4,227,139	(4%)	(518,318)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2007.

(e) *Fair value*

The carrying amounts of the significant financial assets and liabilities are not materially different from their fair values as at 31 December 2008.

(i) Cash and cash equivalents, trade and bills receivable, other receivables, trade and bills payable, other payables and amounts due from/to related parties

The carrying values are not materially different from their fair values because of the short maturities of these items.

(ii) Bank loans

The carrying amounts of bank loans are not materially different from their fair values based on the borrowing rates currently available for bank loans with similar terms and maturities.

34. **Segment reporting**

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. As the Group mainly operates in the PRC, no geographical segment information is presented.

The business segment of the Group comprises:

(i) the design, manufacture and sale of compressors;

(ii) the design, manufacture and sale of pressure vessels; and

(iii) the provision of integrated business solutions, from the design and manufacture of gas equipment system to on-site installation.

	Year ended 31 December 2008					Year ended 31 December 2007				
	Compressors	Pressure vessels	Integrated business solutions	Inter-segment elimination	Consolidated	Compressors	Pressure vessels	Integrated business solutions	Inter-segment elimination	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Segment revenue	179,020,558	773,050,332	292,524,511	(7,315,138)	1,237,280,263	163,152,413	539,525,330	242,262,886	(3,949,373)	940,991,256
Segment result	16,100,142	102,705,198	74,113,631	(1,278,629)	191,640,342	25,584,934	74,785,766	50,997,948	(518,665)	150,849,983
Unallocated operating income and expenses					(24,312,307)					(14,962,358)
Profit from operations					167,328,035					135,887,625
Finance costs					(9,749,534)					(11,716,448)
Taxation					(23,171,847)					(5,295,118)
Profit for the year					134,406,654					118,876,059
Depreciation and amortisation for the year	5,338,119	15,269,455	4,616,599		25,224,173	4,219,032	12,463,472	2,421,725		19,104,229
Segment assets	218,421,469	727,535,269	280,379,630	(52,387,108)	1,173,949,260	228,894,225	456,590,059	229,820,724	(21,446,949)	893,858,059
Unallocated assets					266,545,724					167,057,465
Total assets					1,440,494,984					1,060,915,524
Segment liabilities	100,663,929	265,257,595	107,363,491	(51,108,479)	422,176,536	106,456,167	118,445,314	101,275,310	(20,928,284)	305,248,507
Unallocated liabilities					238,069,671					109,824,894
Total liabilities					660,246,207					415,073,401
Capital expenditure incurred during the year	5,141,087	38,139,758	7,820,870		51,101,715	7,420,498	29,618,780	44,266,537		81,305,815

35. Immediate and ultimate controlling party

At 31 December 2008, the Directors consider the parent of the Company to be Charm Wise Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

At 31 December 2008, the Directors consider the ultimate controlling party of the Company to be CIMC, which is established in the PRC.

36. Accounting estimates and judgements

(a) *Key sources of estimation uncertainty*

Notes 24 and 33 contain information about the assumptions and their risk factors relating to fair value of share options granted and financial instruments respectively.

(b) ***Critical accounting judgements in applying the Group's accounting policies***

Certain critical accounting judgements in applying the Group's accounting policies are described below.

(i) *Impairment*

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, construction in progress, intangible assets and lease prepayments (see note 1(j)(ii)), the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

In considering the impairment losses that may be required for current receivables and other financial assets, future cashflows need to be determined. One of the key assumptions that has to be applied is the ability of the debtors to settle the receivables. Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(ii) *Depreciation*

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

37. **Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2008**

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 8, *Operating Segments*	1 January 2009
Revised HKAS 23, *Borrowing Costs*	1 January 2009
Revised HKAS 1, *Presentation of Financial Statements*	1 January 2009
Amendments to HKFRS 2, *Share-Based Payment - Vesting Conditions and Cancellations*	1 January 2009
Revised HKAS 27, *Consolidated and Separate Financial Statements*	1 July 2009
Amendments to HKAS 39, *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*	1 July 2009
HK(IFRIC) 17, *Distributions of Non-Cash Assets to Owners*	1 July 2009
Revised HKFRS 3, *Business Combination*	Applied to business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
HK(IFRIC) 18, *Transfers of Assets from Customers*	Effective for transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

3. INDEBTEDNESS

As of the close of business on 31 March 2009, the Group had outstanding borrowings of approximately RMB213 million.

The following table illustrates the Group's bank borrowing, bank guarantees, notes and bills payable as at 31 March 2009:

	RMB'000
Current bank borrowings – repayable within one year	213,103
Bank guarantees on letters of credit, promissory notes and bills payable	118,207
Contingent liabilities or guarantees	0
Total	331,310

Save as disclosed in this Appendix III in reference to contingent liabilities, borrowings and contractual obligations as at the close of business on 31 March 2009, the Group did not have any outstanding loan capital (issued or agreed to be issued), bank overdrafts or liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase agreements, finance lease commitments, guarantees, indemnities, or other material contingent liabilities.

As at 31 March 2009, there are no indebtedness or contingent liabilities among the Group, the Target Group China and the Holvrieka Group.

There has been no material change in the indebtedness or contingent liabilities of the Group since 31 March 2009.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date the latest published audited financial information of the Company.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group for the three financial years ended 31 December 2008:

Business review for the year ended 31 December 2006

Turnover

The natural gas industry is booming in the PRC which in turn drives the demand for natural gas storage and transportation equipment. Riding on the increased demand for these types of equipment, the Group's turnover for 2006 surged by 50.1% to RMB769,952,000 over last year (2005: RMB513,014,000).

The increased turnover was mainly contributed by the rise in sales of pressure vessels and provision of IBS. Pressure vessels' turnover rose by 71.8% to RMB451,192,000 (2005: RMB262,606,000), turnover of IBS was RMB187,886,000 (2005: RMB132,894,000), representing an increase of 41.4%, and compressors' turnover was RMB130,874,000 (2005: RMB117,513,000) which grew by 11.4%.

Pressure Vessels

As the top grossing segment of the Group, pressure vessels specialises in the manufacture and sale of wide range of pressure vessels for the storage, transportation and distribution of natural gas such as CNG trailers, seamless pressure cylinders, LNG trailers and LNG storage tanks. During 2006, this segment accounted for 58.6% (2005: 51.2%) of the overall turnover.

Integrated Business Solutions

The Group specialises in the provision of IBS to operators of gas refueling stations and city gas projects. The service covers the entire project life-cycle from design and manufacture of gas equipment system, on-site installation to staff training as well as after-sales services. During the year, this segment contributed 24.4% (2005: 25.9%) of the overall turnover and was the second top grossing segment of the Group.

Compressors

The Group builds its gas equipment business on the foundation of manufacture and sale of compressors. Natural gas compressors are key equipment for the operation of standard gas refueling stations and mother refueling stations, and are used to compress and dispense natural gas to CNG trailers and NGVs. For 2006, this segment made up 17.0% (2005: 22.9%) of the overall turnover.

Liquidity and financial resources

As at 31 December 2006, the Group recorded cash on hand of RMB318,721,000 (2005: RMB339,320,000) and bank loans of RMB167,733,000 (2005: RMB125,000,000). A portion of the Group's bank deposits totaling RMB26,014,000 (2005: RMB26,253,000), which have more than three months of maturity at acquisition, were restricted for securing letters of credit and bills payable. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due. The Group has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

As at 31 December 2006, all bank loans of the Group were guaranteed by the Company's subsidiaries, bearing interest at rates from 5.6% to 6.8% per annum and repayable within one year. The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2005: zero times) as the Group retained a net cash balance of RMB150,988,000 (2005: RMB214,320,000). The Group's interest coverage was 21.1 times for 2006 (2005: 9.5 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

In order to fulfil sales orders on hand as of 31 December 2006, closing inventories level was increased by RMB89,787,000 (including inventories in-transit of RMB34,970,000) to RMB214,786,000, which occupied a portion of the Group's working capital.

During 2006, net cash generated from operating activities amounted to RMB74,705,000 (2005: RMB90,977,000). The Group drew bank loans of RMB167,733,000 (2005: RMB140,000,000) and repaid RMB125,000,000 for 2006 (2005: RMB147,860,000). Apart from drawing bank loans, in 2006 the Group did not engage in any other forms of financing activity while in 2005 the Group raised approximately RMB236,000,000 from listing on the GEM board and issuing shares and convertible bonds to institutional investors.

Assets and liabilities

As at 31 December 2006, total assets of the Group amounted to RMB906,193,000 (2005: RMB722,957,000) while total liabilities were RMB400,669,000 (2005: RMB317,699,000). The net asset value rose by 24.7% to RMB505,524,000 (2005: RMB405,258,000) which was mainly caused by net profit of RMB96,504,000 recorded for the year and the increase in capital reserve of RMB3,763,000 for the recognition of fair value of share options granted to the Directors and employees. As a result, the net asset value per share increased to RMB1.14 at 31 December 2006 from RMB0.91 at 31 December 2005.

Contingent liabilities

As at 31 December 2006, the Group did not have any significant contingent liabilities.

Capital commitments

As at 31 December 2006, the Group had contracted but not provided for capital commitments of RMB36,069,000 (2005: RMB920,000), and authorised but not contracted for capital commitments of RMB537,000 (2005: RMB40,000,000). The contracted but not provided for commitments include, amongst others, RMB8,000,000 for investment in a new subsidiary and RMB21,855,000 for the expansion of the IBS plant and construction of an R&D complex.

Foreign exchange exposure

The Group earns revenue and incurs cost mainly in RMB and HKD. In the PRC, RMB is subject to a managed float against a basket of unspecified currencies. Despite the exchange rate between HKD and RMB was generally stable in the past few years, the Group controls its exchange rate risks by raising funds in the denominations of its principal operating assets and revenue. Borrowings are also primarily denominated in RMB. During the year, RMB has appreciated against HKD and USD which caused an exchange loss of RMB2,775,000 mainly because a portion of the Group's bank deposits are denominated in the two abovementioned currencies. Since the Group's assets and liabilities are substantially denominated in RMB and also earns revenue and incurs cost in RMB, the Directors thus consider the impact of foreign exchange exposure on the Group to be minimal.

Business review for the year ended 31 December 2007

Turnover

Due to the continuous rise in the global demand for equipment for the storage and transportation of natural gas and specialty gases, the Group has experienced a robust growth during 2007. The Group's turnover for 2007 rose by 22.2% to RMB940,991,000 over last year (2006: RMB769,952,000).

The increased turnover was mainly contributed by the rise in sales of pressure vessels and provision of IBS. Pressure vessels' turnover rose by 19.1% to RMB537,255,000 (2006: RMB451,192,000), turnover of IBS was RMB242,129,000 (2006: RMB187,886,000), representing an increase of 28.9%, and compressors' turnover was RMB161,607,000 (2006: RMB130,874,000) which grew by 23.5%.

Pressure vessels

As the top grossing segment of the Group, the pressure vessels segment specialises in the manufacture and sale of a wide range of pressure vessels for the storage, transportation and distribution of natural gas and specialty gases such as CNG trailers, seamless pressure cylinders, compressed specialty gas trailers, LNG trailers and LNG storage tanks. During 2007, this segment accounted for 57.1% (2006: 58.6%) of the overall turnover.

Integrated business solutions

The Group specialises in the provision of IBS to operators of gas refueling stations and city gas projects. The service covers the entire project life-cycle from design and manufacture of gas equipment system, on-site installation to staff training as well as after-sales services. During the year, this segment contributed 25.7% (2006: 24.4%) of the overall turnover and was the second top grossing segment of the Group.

Compressors

The Group builds its gas equipment business on the foundation of manufacture and sale of compressors. Natural gas compressors are key equipment for the operation of standard gas refueling stations and mother refueling stations, and are used to compress and dispense natural gas to CNG trailers and natural gas vehicles. For 2007, this segment made up 17.2% (2006: 17.0%) of the overall turnover.

Liquidity and financial resources

As at 31 December 2007, the Group recorded cash on hand of RMB273,875,000 (2006: RMB318,721,000) and bank loans of RMB140,899,000 (2006: RMB167,733,000). A portion of the Group's bank deposits totaling RMB16,684,000 (2006: RMB26,014,000), which have more than three months of maturity at acquisition, were restricted for securing letters of credit and bills payable. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due. The Group has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

As at 31 December 2007, all bank loans of the Group were guaranteed by the Company's subsidiaries, bearing interest at rates from 5.6% to 7.3% per annum and repayable within one year. The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2006: zero times) as the Group retained a net cash balance of RMB132,976,000 (2006: RMB150,988,000). The Group's interest coverage was 12.1 times for 2007 (2006: 21.1 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

In order to fulfil sales orders on hand as of 31 December 2007, closing inventories level was increased by RMB62,119,000 (including inventories in-transit of RMB6,305,000) to RMB276,906,000, which occupied a portion of the Group's working capital. During 2007, net cash generated from operating activities amounted to RMB17,980,000 (2006: RMB74,705,000). The Group drew bank loans of RMB251,761,000 (2006: RMB167,733,000) and repaid RMB276,736,000 for 2007 (2006: RMB125,000,000). Apart from drawing bank loans, in 2007 the Group raised RMB20,092,000 from issuance of shares in connection with the exercise of the entire outstanding share options by the optionholders of the Pre-GEM Listing Share Option Plan.

Assets and liabilities

At 31 December 2007, total assets of the Group amounted to RMB1,060,915,000 (2006: RMB906,193,000) while total liabilities were RMB415,073,000 (2006: RMB400,669,000). The net asset value rose by 27.8% to RMB645,842,000 (2006: RMB505,524,000) which was mainly caused by net profit of RMB118,876,000 recorded for the year and the increase in share capital and share premium of RMB139,000 and RMB26,897,000 respectively in relation to the exercise of share options. As a result, the net asset value per share increased to RMB1.407 at 31 December 2007 from RMB1.136 at 31 December 2006.

Contingent liabilities

As at 31 December 2007, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2007, the Group had contracted but not provided for capital commitments of RMB4,792,000 (2006: RMB36,069,000), and authorised but not contracted for capital commitments of RMB700,000 (2006: RMB537,000). The contracted but not provided for commitments include, amongst others, RMB3,100,000 for the expansion of the CNG production plant.

Foreign exchange exposure

The Group earns revenue and incurs cost mainly in RMB and HKD. In the PRC, RMB is subject to a managed float against a basket of unspecified currencies. Despite the exchange rate between HKD and RMB had no drastic fluctuation in the past few years, the Group controls its exchange rate risks by raising funds in the denominations of its principal operating assets and revenue. Borrowings are also primarily denominated in RMB. During the year, RMB has appreciated against HKD and USD which caused aggregately an exchange gain of RMB11,000 mainly because a portion of the Group's trade finance short term borrowings are denominated in USD. Since the Group's assets and liabilities are primarily denominated in RMB and the Group earns revenue and incurs cost mainly in RMB, the Group thus considers the impact of foreign exchange exposure on the Group to be minimal.

Business review for the year ended 31 December 2008

Turnover

Due to the continuous rise in the global demand for equipment for the storage and transportation of natural gas and specialty gases, the Group experienced a robust growth during 2008. The turnover for 2008 rose by 31.5% to RMB1,237,280,000 over the previous year (2007: RMB940,991,000). The increased turnover was mainly contributed by the rise in sales of pressure vessels and provision of IBS. Pressure vessels' turnover rose by 43.3% to RMB769,929,000 (2007: RMB537,255,000), turnover of IBS was RMB292,525,000 (2007: RMB242,129,000), representing an increase of 20.8%, and compressors' turnover was RMB174,826,000 (2007: RMB161,607,000) which grew slightly by 8.2%.

Pressure vessels

As the top grossing segment of the Group, the pressure vessels segment specialises in the manufacture and sale of a wide range of pressure vessels for the storage, transportation and distribution of natural gas and specialty gases such as CNG trailers, seamless pressure cylinders, compressed specialty gas trailers, LNG trailers and LNG storage tanks.

During 2008, this segment accounted for 62.2% (2007: 57.1%) of the overall turnover.

Integrated business solutions

The Group specialises in the provision of IBS to operators of gas refueling stations and city gas projects. The service covers the entire project life-cycle from design and manufacture of gas equipment system, on-site installation to staff training as well as after-sales services. During the year, this segment contributed 23.6% (2007: 25.7%) of the overall turnover and was the second top grossing segment of the Group.

Compressors

The Group builds its gas equipment business on the foundation of manufacture and sale of compressors. Natural gas compressors are key equipment for the operation of standard gas refueling stations and mother refueling stations, and are used to compress and dispense natural gas to CNG trailers and natural gas vehicles. For 2008, this segment made up 14.2% (2007: 17.2%) of the overall turnover.

Liquidity and financial resources

At 31 December 2008, the Group recorded cash on hand of RMB243,405,000 (2007: RMB273,875,000) and bank loans of RMB166,803,000 (2007: RMB140,899,000). A portion of the Group's bank deposits totalling RMB37,134,000 (2007: RMB16,684,000), which had more than three months of maturity at acquisition, were restricted for securing letters of credit and bills payable. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

At 31 December 2008, all bank loans of the Group were guaranteed by the Company's subsidiaries, bearing interest at rates from 5.6% to 7.5% per annum and repayable within one year. The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2007: zero times) as the Group retained a net cash balance of RMB76,602,000 (2007: RMB132,976,000). The Group's interest coverage was 14.7 times for 2008 (2007: 12.1 times) which demonstrates that the Group is fully capable of meeting its interest expense commitments.

In order to fulfill sales orders on hand as of 31 December 2008 and reserve special steel pipes, closing inventories level increased by RMB242,319,000 to RMB519,225,000 (including inventories in-transit of RMB32,592,000), which occupied a portion of the Group's working capital. During 2008, net cash used in operating activities amounted to RMB101,000 (2007: net cash generated from operating activities RMB17,980,000). The Group drew bank loans of RMB298,577,000 (2007: RMB251,761,000) and repaid RMB270,226,000 (2007: RMB276,736,000). Apart from drawing bank loans, the Group did not engage in any other forms of financing activities in 2008.

Assets and liabilities

At 31 December 2008, total assets of the Group amounted to RMB1,440,495,000 (2007: RMB1,060,915,000) while total liabilities were RMB660,246,000 (2007: RMB415,073,000). The net asset value rose by 20.8% to RMB780,249,000 (2007: RMB645,842,000) which was attributed to the net profit of RMB134,407,000 for the year. As a result, the net asset value per share increased to RMB1.700 at 31 December 2008 from RMB1.407 at 31 December 2007.

Contingent liabilities

At 31 December 2008, the Group did not have any significant contingent liabilities.

Capital commitments

At 31 December 2008, the Group had contracted but not provided for capital commitments of RMB58,592,000 (2007: RMB4,792,000), and authorised but not contracted for capital commitments of RMB10,108,000 (2007: RMB700,000). The contracted but not provided for commitments include, amongst others, RMB10,601,000 for the expansion of seamless pressure cylinders production plant and RMB38,405,000 for acquisition of equity interest in Hongtu.

Foreign exchange exposure

The Group earns revenue and incurs cost mainly in RMB. In the PRC, RMB is subject to a managed float against a basket of unspecified currencies. Despite the exchange rate of RMB had no drastic fluctuation in the past few years, the Group controls its exchange rate risks by raising funds in the denominations of its principal operating assets and revenue. Borrowings are also primarily denominated in RMB. During the year, RMB has appreciated against Hong Kong Dollar, U.S. Dollar and Euro which caused aggregately net exchange gains of RMB2,819,000 mainly because a portion of the Group's trade finance short term borrowings are denominated in U.S. Dollar and Euro. Since the Group's assets and liabilities are primarily denominated in RMB and the Group earns revenue and incurs cost mainly in RMB, the Group thus considers the impact of foreign exchange exposure on the Group to be minimal.

6. SIGNIFICANT INVESTMENTS

The Group had no significant investments in either debt or equity markets during the Track Record Period.

7. MATERIAL ACQUISITIONS AND DISPOSALS

On 28 August 2008, CIMC Enric (Jingmen) Energy Equipment Company Limited ("**CIMC Enric**"), a wholly owned subsidiary of the Company, entered into an equity transfer agreement with certain parties under which CIMC Enric agreed to acquire an aggregate of 80% interests in Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. Such acquisition is scheduled to be completed in 2009. As at the Latest Practicable Date, this acquisition has not been completed yet.

Save as disclosed above, the Group did not make any material acquisitions and disposals during the Track Record Period.

8. HUMAN RESOURCES

As at the three years ended 31 December 2008, the Group employed approximately 1,600, 1,800 and 1,800 employees, and the total staff costs (including Directors' emoluments and retirement benefits schemes contributions) were approximately RMB 54,829,000, RMB 77,765,000 and RMB 101,442,000, respectively.

The Group's remuneration and bonus policies are determined with reference to the performance, qualifications, and experience of individual employee and prevailing market rate. Other benefits for the Group's employees include contribution to statutory mandatory provident fund scheme to employees in Hong Kong and contributions to government pension schemes to employees in the PRC.

Furthermore, education and training aids are provided to motivated employees of the Group to take external training programmes for their self-improvement and career development.

9. CHARGES ON GROUP ASSETS

During the Track Record Period, no assets of the Group was charged.

The information set forth in this appendix does not form part of the accountants' reports prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I and Appendix II to this circular, and is included herein for illustrative purposes only.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE RESTRUCTURED GROUP

Introduction to the Unaudited Pro Forma Financial Information

Background

The Company has entered into (i) the China Acquisition Agreement on 2 September 2008 and the China Supplemental Agreement on 20 April 2009 with CIMC HK and CIMC Vehicle pursuant to which the Company agreed to purchase from CIMC HK and CIMC Vehicle 80.04% and 19.96% of the entire issued share capital of the Target Co China; (ii) the European Acquisition Agreement on 2 September 2008 and the European Supplemental Agreement on 20 April 2009 with CIMC HK and PGM pursuant to which the Company agreed to purchase from CIMC HK and PGM 80% and 20% of the entire issued capital of the Target Co Europe referred to as the Proposed Transactions in this circular.

The accompanying unaudited pro forma financial information of the Restructured Group, including the unaudited pro forma combined income statement and unaudited pro forma combined cash flow statement for the year ended 31 December 2008, and the unaudited pro forma combined balance sheet as at 31 December 2008, which gives effect to the Proposed Transactions as if the Proposed Transactions had been completed on 1 January 2008 (the "Unaudited Pro Forma Financial Information").

The Unaudited Pro Forma Financial Information is based upon the Financial Information of the Target Group China as set forth in Appendix I to this circular, the Financial Information of the Holvrieka Group as set forth in Appendix II to this circular and the Financial Information of the Group as set forth in Appendix III to this circular after giving effect to the unaudited pro forma financial information adjustments described in Note 4 of this Section A. These unaudited pro forma financial information adjustments of the Proposed Transactions are (i) directly attributable to the transactions concerned and not relating to other future events and decision and; (ii) factually supportable; and (iii) in respect of the unaudited pro forma combined income statement or unaudited pro forma combined cash flow statement, clearly identified as to those adjustments which are expected to have a continuing effect on the Restructured Group and those which are not.

Target Co Europe, Coöperatie Vela Holding and Vela Holding were incorporated by CIMC HK and PGM in the British Virgin Islands on 8 August 2008, by Burg Industries and PGM in the Netherlands on 29 August 2008, and by Coöperatie Vela Holding in the Netherlands on 3 September 2008, respectively. Each of the above companies was incorporated for the purpose of the acquisition of the Holvrieka Group as described in the Proposed Transactions. These entities have been established as intermediate holding companies and do not engage in any operation (other than the investment holding of the Holvrieka Group). Accordingly, the financial positions, results and cash flows of these three investment holding entities have not been included in the pro forma financial information of the Restructured Group.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying Unaudited Pro Forma Financial Information does not purport to describe the true picture of the financial position, or result and cash flow that would have been attained had the Proposed Transactions been completed on 1 January 2008. Further, the accompanying Unaudited Pro Forma Financial Information does not purport to predict the Restructured Group's future financial position, result or cash flow.

The Unaudited Pro Forma Financial Information should be read in conjunction with the Financial Information of the Target Group China as set out in Appendix I to this circular, the Financial Information of the Holvrieka Group as set out in Appendix II to this circular, the Financial Information of the Group as set out in Appendix III and other financial information included elsewhere in this circular.

1 Unaudited Pro Forma Combined Income Statement

For the year ended 31 December 2008

	The Group	Target Group China	Holvrieka Group	Holvrieka Group	Pro forma Combined	Pro forma adjustments				Pro forma Restructured Group
				(note (1))		(note (2))	(note (3))	(note (4))	(note(5))	
	RMB'000	RMB'000	EURO'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	1,237,280	3,315,167	121,433	1,234,118	5,786,565	—	—	—	(1,023)	5,785,542
Cost of sales	(907,731)	(2,713,828)	(101,096)	(1,027,434)	(4,648,993)	—	—	—	836	(4,648,157)
Gross profit	329,549	601,339	20,337	206,684	1,137,572	—	—	—	(187)	1,137,385
Change in fair value of derivative financial instruments	—	(24,019)	(4)	(41)	(24,060)	—	—	—	—	(24,060)
Other revenue	12,903	163,304	644	6,545	182,752	—	—	—	—	182,752
Other operation expenses	—	(85,444)	—	—	(85,444)	—	—	—	—	(85,444)
Other net income / (expenses)	(1,230)	(923)	81	823	(1,330)	—	—	—	—	(1,330)
Selling expenses	(62,187)	(108,785)	(1,560)	(15,854)	(186,826)	—	—	—	—	(186,826)
Administrative expenses	(111,707)	(116,608)	(5,695)	(57,878)	(286,193)	—	—	—	—	(286,193)
Profit from operations	167,328	428,864	13,803	140,279	736,471	—	—	—	(187)	736,284
Finance costs	(9,750)	(38,717)	(853)	(8,669)	(57,136)	—	—	—	—	(57,136)
Profit before taxation	157,578	390,147	12,950	131,610	679,335	—	—	—	(187)	679,148
Income tax	(23,172)	(52,470)	(3,353)	(34,076)	(109,718)	—	—	—	—	(109,718)
Profit for the year	134,406	337,677	9,597	97,534	569,617	—	—	—	(187)	569,430
Attributable to:										
Equity shareholders of the Company	134,406	337,385	9,597	97,534	569,325	—	—	—	(187)	569,138
Minority interests	—	292	—	—	292	—	—	—	—	292
Profit for the year	134,406	337,677	9,597	97,534	569,617	—	—	—	(187)	569,430

See accompanying notes to the Unaudited Pro Forma Financial Information.

2 Unaudited Pro Forma Combined Balance Sheet

As at 31 December 2008

	The Group	Target Group China	Holvrieka Group	Holvrieka Group	Pro forma Combined	Pro forma adjustments				Pro forma Restructured Group
				(note (1))		(note (2))	(note (3))	(note (4))	(note(5))	
	RMB'000	RMB'000	EURO'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets										
Property, plant and equipment	226,136	367,925	6,190	59,789	653,850	—	—	—	(187)	653,663
Construction in progress	10,133	72,279	321	3,101	85,513	—	—	—	—	85,513
Lease prepayments	59,307	44,604	—	—	103,911	—	—	—	—	103,911
Intangible assets	8,552	4,486	46	444	13,482	—	—	—	—	13,482
Prepayments for non- current assets	17,070	250	—	—	17,320	—	—	—	—	17,320
Goodwill	—	15,821	—	—	15,821	—	—	—	—	15,821
Deferred tax assets	3,745	32,175	—	—	35,920	—	—	—	—	35,920
Other financial asset	—	—	958	9,253	9,253	—	—	—	—	9,253
	324,943	537,540	7,515	72,587	935,070	—	—	—	(187)	934,883
Current assets										
Derivative financial instruments	—	—	9	87	87	—	—	—	—	87
Inventories	519,225	747,991	11,378	109,900	1,377,116	—	—	—	—	1,377,116
Trade and bills receivables	273,729	555,400	17,107	165,237	994,366	—	—	—	—	994,366
Deposits, other receivables and prepayments	77,140	105,577	15,613	150,806	333,523	—	—	—	—	333,523
Amounts due from related parties	2,053	27,338	14,182	136,984	166,375	—	—	—	(7)	166,368
Cash at bank and in hand	243,405	36,751	6,347	61,306	341,462	—	—	—	—	341,462
	1,115,552	1,473,057	64,636	624,320	3,212,929	—	—	—	(7)	3,212,922
Current liabilities										
Derivative financial instruments	—	14,413	13	126	14,539	—	—	—	—	14,539
Bank loans	166,803	9,940	6,012	58,070	234,813	—	—	—	—	234,813
Trade and bills payable	265,846	269,566	10,067	97,237	632,649	—	—	—	—	632,649
Other payables and accrued expenses	189,958	193,788	14,998	144,866	528,612	—	—	3,500	—	532,112
Income tax payable	9,331	13,914	460	4,443	27,688	—	16,250	—	—	43,938
Amounts due to related parties	20,072	472,137	7,805	75,388	567,597	—	(130,000)	—	(7)	437,590
Provisions	4,851	26,216	240	2,318	33,385	—	—	—	—	33,385
Employee benefit liability	—	—	30	290	290	—	—	—	—	290
	656,861	999,974	39,625	382,738	2,039,573	—	(113,750)	3,500	(7)	1,929,316

	The Group	Target Group China	Holvrieka Group	Holvrieka Group	Pro forma Combined	Pro forma adjustments				Pro forma Restructured Group
				(note (1))		(note (2))	(note (3))	(note (4))	(note(5))	
	RMB'000	RMB'000	EURO'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net current assets	458,691	473,083	25,011	241,582	1,173,356	—	113,750	(3,500)	—	1,283,606
Total assets less current liabilities	783,634	1,010,623	32,526	314,169	2,108,426	—	113,750	(3,500)	(187)	2,218,489
Non-current liabilities										
Deferred tax liabilities	3,385	22,620	1,186	11,456	37,461	—	—	—	—	37,461
Amount due to related parties	—	—	761	7,350	7,350	—	—	—	—	7,350
Employee benefit liabilities	—	—	251	2,424	2,424	—	—	—	—	2,424
Provisions	—	—	461	4,453	4,453	—	—	—	—	4,453
	3,385	22,620	2,659	25,683	51,688	—	—	—	—	51,688
Net assets	780,249	988,003	29,867	288,486	2,056,738	—	113,750	(3,500)	(187)	2,166,801
Capital and reserves										
Share capital	4,769	68	6,038	64,407	69,244	(52,009)	—	—	—	17,235
Reserves	775,480	987,935	23,829	224,079	1,987,494	52,009	113,750	(3,500)	(187)	2,149,566
Total equity attributable to equity holders of the Company	780,249	988,003	29,867	288,486	2,056,738	—	113,750	(3,500)	(187)	2,166,801
Minority interests	—	—	—	—	—	—	—	—	—	—
Total equity	780,249	988,003	29,867	288,486	2,056,738	—	113,750	(3,500)	(187)	2,166,801

See accompanying notes to the Unaudited Pro Forma Financial Information.

3 Unaudited Pro Forma Combined Cash Flow Statement

For the year ended 31 December 2008

	The Group	Target Group China	Holvrieka Group	Holvrieka Group	Pro forma Combined	Pro forma adjustments				Pro forma Restructured Group
				(note (1))		(note (2))	(note (3))	(note (4))	(note(5))	
	RMB'000	RMB'000	EURO'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities										
Profit before taxation	157,578	390,147	12,950	131,610	679,335	—	—	—	(187)	679,148
Adjustments for:										
Interest income	(3,086)	(14,957)	(644)	(6,545)	(24,588)	—	—	—	—	(24,588)
Interest expenses	11,491	68,719	853	8,669	88,879	—	—	—	—	88,879
Amortisation and depreciation	25,224	27,466	1,258	12,785	65,475	—	—	—	(15)	65,460
Foreign exchange loss / (gain)	1,176	(31,422)	(46)	(467)	(30,713)	—	—	—	—	(30,713)
Change in fair value of derivative financial instruments	—	24,019	4	41	24,060	—	—	—	—	24,060
(Gain) / loss on disposal of property, plant and equipment	2,048	430	(35)	(356)	2,122	—	—	—	—	2,122
Gain from dilution / acquisition of minority interest	—	(168)	—	—	(168)	—	—	—	—	(168)
Operating profit before changes in working capital	194,431	464,234	14,340	145,737	804,402	—	—	—	(202)	804,200
Increase in inventories	(242,319)	(31,418)	3,394	34,493	(239,244)	—	—	—	—	(239,244)
Increase in trade and bills receivable	(79,612)	186,273	258	2,622	109,283	—	—	—	—	109,283
Increase in deposits, other receivables and prepayments	(37,962)	46,102	(1,016)	(10,326)	(2,186)	—	—	—	—	(2,186)
Increase in amounts due from related parties	(1,753)	(21,549)	(1,655)	(16,820)	(40,122)	—	—	—	(7)	(40,129)
Increase in restricted bank deposits for letter of guarantee	(20,450)	(2,516)	—	—	(22,966)	—	—	—	—	(22,966)
(Decrease) / increase in trade and bills payable	97,228	7,230	(1,967)	(19,991)	84,467	—	—	—	—	84,467
(Decrease) / increase in other payables and accrued expenses	97,230	6,784	(1,951)	(19,828)	84,186	—	—	—	—	84,186
(Decrease) / increase in amounts due to related parties	7,992	(135,632)	262	2,663	(124,977)	—	—	—	7	(124,970)

	The Group	Target Group China	Holvrieka Group	Holvrieka Group	Pro forma Combined	Pro forma adjustments				Pro forma Restructured Group
				(note (1))		(note (2))	(note (3))	(note (4))	(note(5))	
	RMB'000	RMB'000	EURO'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Decrease in employee benefit liabilities	—	—	3	30	30	—	—	—	—	30
Increase / (decrease) in provision for product warranties	2,245	7,013	(209)	(2,124)	7,134	—	—	—	—	7,134
Decrease in deferred income	(1,400)	—	—	—	(1,400)	—	—	—	—	(1,400)
Cash (used in) / generated from operations	15,630	526,521	11,459	116,456	658,607	—	—	—	(202)	658,405
Income tax paid	(15,731)	(57,020)	(4,797)	(48,752)	(121,503)	—	—	—	—	(121,503)
Net cash (used in) / generated from operating activities	(101)	469,501	6,662	67,704	537,104	—	—	—	(202)	536,902
Investing activities										
Purchase of property, plant and equipment, construction in progress and lease prepayments	(41,159)	(145,131)	(2,799)	(28,446)	(214,736)	—	—	—	202	(214,534)
Payment for acquisition of lease prepayments	(6,786)	—	—	—	(6,786)	—	—	—	—	(6,786)
Payment for intangible assets	(3,157)	—	—	—	(3,157)	—	—	—	—	(3,157)
Proceeds from disposal of property, plant and equipment	1,029	991	37	376	2,396	—	—	—	—	2,396
Prepayment for equity investment	(17,070)	—	—	—	(17,070)	—	—	—	—	(17,070)
Loans to related party	—	—	(4,500)	(45,733)	(45,733)	—	—	—	—	(45,733)
Loans repaid by customers	—	—	883	8,974	8,974	—	—	—	—	8,974
Interest received	3,086	14,957	621	6,311	24,354	—	—	—	—	24,354
Net cash used in investing activities	(64,057)	(129,183)	(5,758)	(58,518)	(251,758)	—	—	—	202	(251,556)
Financing activities										
Proceeds from new bank loans	298,577	1,183,392	6,000	60,978	1,542,947	—	—	—	—	1,542,947
Repayments of bank loans	(270,226)	(1,399,299)	—	—	(1,669,525)	—	—	—	—	(1,669,525)
Repayments of related parties	—	—	(7,726)	(78,519)	(78,519)	—	—	—	—	(78,519)
Interest paid	(11,491)	(71,252)	(704)	(7,155)	(89,898)	—	—	—	—	(89,898)
Dividend paid to investors	—	(35,416)	—	—	(35,416)	—	—	—	—	(35,416)
Net cash generated from / (used in) financing activities	16,860	(322,575)	(2,430)	(24,696)	(330,411)	—	—	—	—	(330,411)
Net (decrease) / increase in cash and cash equivalents	(47,298)	17,743	(1,526)	(15,510)	(45,065)	—	—	—	—	(45,065)
Cash and cash equivalents at beginning of the year	257,191	8,721	5,861	59,565	325,477	—	—	—	—	325,477
Effect of foreign exchange rate changes	(3,622)	3,642	—	—	20	—	—	—	—	20
Cash and cash equivalents at end of the year	206,271	30,106	4,335	44,055	280,432	—	—	—	—	280,432

See accompanying notes to the Unaudited Pro Forma Financial Information.

4 **Notes to Unaudited Pro Forma Combined Financial Information**

(1) The result and cash flow of the Holvrieka Group with Euro as the functional currency are translated into RMB at the average exchange rate for the year 2008. Items of the consolidated balance sheet, except for capital and reserves, of the Holvrieka Group are translated into RMB at the exchange rate ruling at the balance sheet date. Share capital is translated into RMB at the exchange rate ruling at 1 January 2008. The resulting exchange differences are recognised directly in reserves.

(2) Pursuant to the China Acquisition Agreement (as amended by the China Supplemental Agreement) and the European Acquisition Agreement (as amended by the European Supplemental Agreement), the Company will allot and issue shares to CIMC HK, CIMC Vehicle and PGM as below:

	Number of New Ordinary Shares to be allotted and issued	Number of New Convertible Preference Shares to be allotted and issued	Total consideration
			HK$
China Acquisition Agreement			
Allotment and issue of shares to CIMC HK at HK$3.00 each	160,968,722	555,043,583	2,148,036,915
Allotment and issue of shares to CIMC Vehicle at HK$3.00 each	40,141,626	138,414,166	535,667,376
European Acquisition Agreement			
Allotment and issue of shares to CIMC HK at HK$3.00 each	93,436,768	322,183,572	1,246,861,020
Allotment and issue of shares to PGM at HK$3.00 each	103,905,085	—	311,715,255
Total number of shares	398,452,201	1,015,641,321	4,242,280,566
Nominal value per share	HK$0.01	HK$0.01	
Nominal value of shares issued in HK$	3,984,522	10,156,413	
Nominal value of shares issued in RMB equivalent (HK$1.00 = RMB0.88156)	3,512,595	8,953,487	

The Unaudited Pro Forma Financial Information of the Restructured Group has been prepared on the basis of business combination involving entities under common control, in which all of the combining enterprises are ultimately controlled by the same party both before and after the Proposed Transactions, and that the control is not transitory. The Group, the Target Group China and the Holvrieka Group are under the ultimate control of the CIMC Group as from 30 July 2007 when the CIMC Group acquired 42.18% of the Company. The assets and liabilities of the Target Group China and the Holvrieka Group acquired are measured at the carrying amounts as recorded by the Target Group China and the Holvrieka Group and the difference between the carrying amount of the net assets obtained and the total nominal value of the shares to be issued is adjusted to capital reserve. The details of nominal value of the Company's shares issued are as follows:

	Number of Ordinary Shares	Number of New Convertible Preference Shares	
	'000	'000	RMB'000
Nominal value of the Company's Shares issued before Proposed Transactions*	459,000	—	4,769
Number of New Ordinary Shares to be allotted and issued	398,452	—	3,513
Number of New Convertible Preference Shares to be allotted and issued	—	1,015,641	8,953
Nominal value of the Company's Shares issued after Proposed Transactions	857,452	1,015,641	17,235

* *Please refer to notes on share capital as set out in note 28(c) in section 2 in Appendix III to this circular.*

(3) Pursuant to the China Supplemental Agreement dated 20 April 2009, RMB130 million out of the aggregate amount of approximately RMB150 million due from Zhangjiagang CIMC to CIMC Vehicle (Group) Co., Ltd. as at 31 December 2008 will be waived in full. The respective income tax effect amounts to RMB16.25 million.

(4) Estimated transaction costs directly attributable to the new listing of RMB 3,500,000 are incurred.

(5) The adjustment represents the elimination of the inter-company balances and inter-company transactions between the Group, the Target Group China and the Holvrieka Group.

(6) All adjustments to the pro forma account are not expected to have a continuing effect on the Group.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong. As described in the section headed "Documents available for inspection" in Appendix IX to this circular, a copy of this report is available for inspection.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

3 June 2009

The Board of Directors
Enric Energy Equipment Holdings Limited
Deutsche Bank AG, Hong Kong Branch
China Merchants Securities (HK) Co., Limited

Dear Sirs

Enric Energy Equipment Holdings Limited (the "Company")

We report on the unaudited pro forma combined income statement and unaudited pro forma combined cash flow statement for the year ended 31 December 2008 and the unaudited pro forma combined balance sheet as at 31 December 2008 (the "Unaudited Pro Forma Financial Information") set out in Section A of Appendix IV to the shareholders' circular issued by Enric Energy Equipment Holdings Limited (the "Company") dated 3 June 2009 (the "Circular"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed acquisition of 100% equity interest in Sound Winner Holdings Limited and its subsidiaries and 100% equity interest in Full Medal Limited and its subsidiaries (hereinafter collectively referred as the "Target Group"), might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the section headed "Introduction to the Unaudited Pro Forma Financial Information" of Section A of Appendix IV of the Circular.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by The Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Company and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- The financial position of the Group and the Target Group (hereinafter collectively referred as the "Restructured Group") as at 31 December 2008 or any future date; or

- The result and cash flow of the Restructured Group for the year ended 31 December 2008 or any future period.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
KPMG
Certified Public Accountant
Hong Kong

The statements in relation to the material impact on the business performance and profitability of the Target Group China and the Holvrieka Group in the first quarter of 2009 as a result of the global economic turmoil as disclosed in this circular, which constitute a profit forecast of the Target Group China and the Holvrieka Group for the purpose of Rule 10 of the Takeovers Code, are set out in the paragraph headed "Effect of recent economic downturn" in the sub-section headed "Information on the Target Group" in the section headed "Summary"; the paragraph headed "The operations of the Restructured Group could be materially and adversely affected by the recent economic turmoil and credit tightening in the world" in the sub-section headed "Risks relating to the Restructured Group" in the section headed "Risk Factors"; and the sub-section headed "No Material Adverse Change" in the section headed "Financial Information of the Target Group" of this circular.

1. BASIS

The Directors have arrived at such statements in this circular based on the unaudited consolidated results of the Target Group China and the Holvrieka Group for the three months ended 31 March 2009, which have been prepared based on the basis of accounting policies consistent in all material respects with those adopted in the preparation of the audited consolidated financial statements of the Target Group China and the Holvrieka Group for the financial year ended 31 December 2008 as set out in Appendices I and II to this circular, respectively.

2. COMFORT LETTERS

Set out below are the texts of letters, prepared for inclusion in this circular, received by our Directors from the Company's reporting accountants, KPMG, Certified Public Accountants, and from the Joint Sponsors in connection with the profit estimate of the Target Group China and the Holvrieka Group for the three months ended 31 March 2009.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

The Board of Directors
Enric Energy Equipment Holdings Limited
China International Marine Containers (Group) Co., Ltd.
Deutsche Bank AG, Hong Kong Branch
China Merchants Securities (HK) Co., Limited

3 June 2009

Dear Sirs

Enric Energy Equipment Holdings Limited (the "Company")
Connected Transaction and Very Substantial Acquisition Transaction of Sound Winner Holdings Limited and its subsidiaries (the "Target Group China") and Holvrieka Holding B.V. and its subsidiaries (the "Holvrieka Group") (the "Proposed Transactions")
Profit Estimate

We have reviewed the accounting policies and calculations in arriving at the disclosures of business performance and profitability of the Target Group China and of the Holvrieka Group for the three-month period ended 31 March 2009 (the "Profit Estimate"), for which the directors of Sound Winner Holdings Limited (the "Directors of Sound Winner Holdings Limited") and the directors of Holvrieka Holding B.V. (the "Directors of Holvrieka Holding B.V.") are solely responsible, as set forth in the sections headed "Summary — Information on the Target Group — Business of the Target Group — Effect of recent economic downturn", "Risk Factors — Risks relating to the Restructured Group — The operations of the Restructured Group could be materially and adversely affected by the recent economic turmoil and credit tightening in the world" and "Financial Information of the Target Group — No Material Adverse Change" in the circular of the Company dated 3 June 2009 ("the Circular").

For the purpose of issuing this letter, we have conducted our work in accordance with Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA and accordingly we do not express an audit opinion.

The Profit Estimate has been prepared by the Directors of Sound Winner Holdings Limited and the Directors of Holvrieka Holding B.V. based on the unaudited consolidated results of the Target Group China and of the Holvrieka Group respectively for the three-month period ended 31 March 2009.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly presented on a basis consistent in all material respects with the accounting policies normally adopted by the Target Group China and by the Holvrieka Group respectively as set out in our accountants' reports dated 3 June 2009, the texts of which are set out in Appendix I and Appendix II respectively to the Circular.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

Deutsche Bank

Deutsche Bank AG, Hong Kong Branch
48th Floor, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

China Merchants Securities (HK) Co., Limited
48th Floor, One Exchange Square
Central
Hong Kong

3 June 2009

The Board of Directors
Enric Energy Equipment Holdings Limited

Dear Sirs,

We refer to the disclosures of business performance and profitability of the Target Group China and of the Holvrieka Group for the three months period ended 31 March 2009 ("**Profit Estimate**") as set out in the sections headed "Summary — Information on the Target Group — Business of the Target Group — Effect of recent economic downturn", "Risk Factors — Risks relating to the Restructured Group — The operations of the Restructured Group could be materially and adversely affected by the recent economic downturn and credit tightening in the world" and "Financial Information of the Target Group — No Material Adverse Change" in the circular of the Company dated 3 June 2009 (the "**Circular**"). Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We understand that the Profit Estimate has been prepared by the directors of Target Co China and the directors of Holvrieka Holding, based on the unaudited consolidated results of the Target Group China and the Holvrieka Group for the three months ended 31 March 2009, respectively.

We have discussed with you, the directors of Target Co China and the directors of Holvrieka Holding the bases upon which the Profit Estimate has been presented, which we understand are consistent in all material respects with the accounting policies adopted by the Target Group China and the Holvrieka Group as set out in the accountants' reports of the Target Group China and the Holvrieka Group, both dated 3 June 2009, the texts of which are set out in Appendices I and II to the Circular, respectively. We have also considered the letter dated 3 June 2009 addressed to you and us from KPMG regarding the accounting policies and calculations pertaining to the Profit Estimate.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies adopted by the Target Group China and the Holvrieka Group and reviewed by KPMG, we are of the opinion that the Profit Estimate, for which you as the Directors are solely responsible, has been made after due care and consideration.

Yours faithfully,
For and on behalf of
Deutsche Bank AG, Hong Kong Branch
Charles Wang
Managing Director

Johnson Ngie
Director

Yours faithfully,
For and on behalf of
China Merchants Securities (HK) Co., Limited
Tony Wu
Managing Director and
Head of Investment Banking Department

Leo Chan
Executive Director and
Co-Head of Investment Banking Department

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with their opinion of values of the property interests of the Restructured Group as at 30 April 2009.

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

3 June 2009

The Directors
Enric Energy Equipment Holdings Limited
Room 3104, 31st Floor
Tower One
Lippo Centre
No. 89 Queensway
Hong Kong

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the properties of (i) Enric Energy Equipment Holdings Limited (the "Company") and its subsidiaries, (ii) the Target Group China and (iii) the Target Group Europe as defined in the Company's Circular dated 3 June 2009 (hereinafter together referred to as the "Restructured Group") in Hong Kong, the People's Republic of China (the "PRC"), the Netherlands, Belgium and Denmark, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of these properties as at 30 April 2009.

Definition of Market Value

Unless otherwise stated, our valuation of each of the properties is our opinion of its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis And Assumption

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties which are situated in the PRC, we have relied on the information and advice given by the Company and its legal advisers, Commerce & Finance Law Offices on the PRC laws, regarding the titles to the properties and the interests of the Restructured Group in the properties.

We have not made any investigations into past or present uses, either of the properties or any neighbouring land to establish whether there is any contamination or potential for contamination to the properties. We have made an assumption that no contamination or other adverse environment matters exist in relation to the properties that are sufficient to affect their values. Commensurate with our comments set out above, we have made no allowance in these valuations for any effect in respect of actual or potential contamination of land or buildings. However, a purchaser in the market would, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at any of the properties or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use, then this might reduce the values now reported.

The status of titles and grant of major certificates, approvals and licences in respect of the properties, in accordance with the information provided by the Company and the advice provided by its legal advisers on the PRC laws and laws of the relevant overseas countries, are set out in the notes in the respective valuation certificate.

The property interests owned by the Restructured Group are situated in the PRC, the Netherlands, Belgium and Denmark.

The types of taxation that could arise when real properties in the PRC are sold include business tax, stamp duty and land appreciation tax. The applicable tax rates for business tax and stamp duty would be 5% and 0.05% respectively and the land appreciation tax would be at progressive rates of 30%, 40%, 50% and 60% respectively if the Restructured Group were to dispose of these properties in the PRC as at the Latest Practicable Date.

If all the properties currently owned by the Restructured Group in the PRC were sold, the potential tax liabilities which might be incurred by the Restructured Group are estimated by the Company to be approximately RMB41.4 million (equivalent to approximately HK$47.3 million).

The types of taxation that could arise when real properties are sold in the Netherlands are corporate income tax, transfer tax and value added tax. The applicable tax rate for these three types of taxation would be 25.5% (a corporate income tax rate of 20% applies with respect to taxable profits up to Euro 40,000 and a rate of 23% applies for taxable profits between Euro 40,000 and Euro 20,000 for the year 2008), 6% and 19% if the Restructured Group were to dispose of these properties in the Netherlands as at the Latest Practicable Date.

The types of taxation that could arise when real properties are sold in Belgium are corporate tax, transfer tax and value-added tax. The applicable tax rate for these three types of taxation would be 33.99% corporate tax of the net taxable capital gain realized by a resident company, 12.5% or 10% transfer tax (depending on the region) of the purchase price or the fair market value of the property, and 21% value-added tax of the sales price or the fair market value (if higher) of a building which qualifies as new for value-added tax purpose if the Restructured Group were to dispose of these properties in Belgium as at the Latest Practicable Date.

The types of taxation that could arise when real properties are sold in Denmark are corporate taxation of any gains and recaptured depreciations. The applicable tax rate for this type of taxation would be 25% if the Restructured Group were to dispose of these properties in Denmark as at the Latest Practicable Date.

If all the properties currently owned by the Restructured Group in the Netherlands, Belgium and Denmark were sold, the potential tax liabilities which might be incurred by the Restructured Group are estimated by the Company to be approximately Euro 2.2 million (equivalent to approximately HK$22.3 million).

As advised by the Company, the Restructured Group has no intention to sell any of its properties in the PRC, the Netherlands, Belgium and Denmark. All the properties of the Restructured Group in the PRC, the Netherlands, Belgium and Denmark are for their own business operation and not for investment or sale. It is unlikely that the aforesaid tax liability work crystalise in the near future.

No allowance has been made in our valuations of the properties for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Valuation Methodology

In respect of property Nos. 1 to 7 and 11 in Groups I and II which are held and occupied by the Restructured Group in the PRC and property Nos. 12 and 13 in Group III which are held and occupied by the Restructured Group in overseas countries, we have valued them by the Depreciated Replacement Cost ("DRC") Approach due to the lack of suitable market comparables. The DRC is the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The DRC Approach requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures from which deductions are then made to allow for the age, condition and functional obsolescence. The DRC is subject to service potential of the entity from the use of assets as a whole.

Regarding property Nos. 8 to 10 in Group II, which are held and occupied by the Company and its subsidiaries in the PRC, we have valued them by Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

Regarding property Nos. 14 and 15 in Group III which are held and occupied by the Target Group Europe in overseas countries, we have valued them on the basis of capitalization of the current rent passing derived from the existing tenancies with due provision for any reversionary income potential of the property.

Properties in Groups IV to VI, which are leased to the Restructured Group in the PRC and Hong Kong respectively, are considered to have no commercial value mainly due to the prohibition against assignment and subletting or otherwise due to the lack of substantial profit rents.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Source of Information

We have been provided with copies of extract of documents in relation to the title to the owned properties and copies of tenancy agreements in relation to the leased properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, identification of land and buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

Site Inspection

We have inspected the exterior and, wherever possible, the interior of each of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the properties are free from risk in this regard. For the purpose of these valuations, we have made an assumption that any such investigation would not reveal the presence of such materials in any adverse condition. Neither tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an assumption that all services are functioning satisfactorily. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Hong Kong dollars. The exchange rates adopted in our valuations are approximately HK$1 = € 0.0972 and HK$1 = RMB0.8804 which were approximately the prevailing exchange rates as at the date of valuation.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
(General Practice Diivision)
Registered China Real Estate Appraiser
BSc., M.H.K.I.S., M.R.I.C.S
Director

Notes:-

(1) Mr. K. B. Wong is a Registered Professional Surveyor who has over 24 years of experience in valuation of Hong Kong properties and over 15 years of experience in the valuation of the PRC and overseas countries.

(2) In respect of the overseas properties in Group III, DTZ's valuers are qualified and experienced in practising valuation of properties in the regions covered by DTZ's global network including the Netherlands, Denmark and Belgium. It is a common professional practice for DTZ to carry out valuations by DTZ's global network.

(3) Mr. K.B. Wong takes charge of the whole valuation and signs the valuation certificates on behalf of DTZ.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 30 April 2009
	(HK$)
Group I — Properties held and occupied by the Target Group China in the PRC	
1. An industrial complex located at No.155 Chenggang Road, Nantong City, Jiangsu Province, the PRC	204,600,182 RMB180,130,000
2. An industrial complex located on the south side of Chenggang Road, west side of Miaopu Road, Nantong City, Jiangsu Province, the PRC	110,449,796 RMB97,240,000
3. An industrial complex located on the east side of Xiangshan Road, Shanbei Village, Nansha Town, Zhangjiagang City, Jiangsu Province, the PRC	33,041,799 RMB29,090,000
4. An industrial complex located at Gangxi Village, Jingang Town, Zhangjiagang City, Jiangsu Province, the PRC	107,167,197 RMB94,350,000
Sub-total:	455,258,973 RMB400,810,000

Property	Capital value in existing state as at 30 April 2009 (HK$)

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

5.	An industrial complex located on the west side of Huaxiang Road and the south side of Yaohua Road, Economic - Technological Development Area, Langfang City, Hebei Province, the PRC	No commercial value
6.	An industrial complex located at North Gaoji Avenue, Zhaolingpu Village, Xinhua District, Shijiazhuang City, Hebei Province, the PRC	84,961,381 RMB74,800,000
7.	An industrial complex located at No. 187 Yanshan Road, Bengbu City, Anhui Province, the PRC	80,667,878 RMB71,020,000
8.	Units Nos. 1 and 2 on Levels 6 and 7 (Duplex), Block 22 Xin Yi Lu Zhou (Phase 1), Bengbu City, Anhui Province, the PRC	897,319 RMB790,000
9.	Various units in Hong Yang Xiao Qu, 205 Tushan Road, Bengbu City, Anhui Province, the PRC	454,339 RMB400,000
10.	Various units in Nan Kong Xin Cun, Yanshan Road East, Bengbu City, Anhui Province, the PRC	806,452 RMB710,000

Property		Capital value in existing state as at 30 April 2009
		(HK$)
11. A parcel of land located at Jingmen Economic Development Zone, Jingmen City, Hubei Province, the PRC		41,151,749 RMB36,230,000
	Sub-total:	208,939,119 RMB183,950,000

Group III — Properties held and occupied by the Target Group Europe in overseas countries

12. Kapitein, Grantstraat 8, 10 and 12, Jules Verneweg, Emmen, The Netherlands		31,481,481 €3,060,000
13. Lorentzstraat 7 and Kamerlingh Onnesstraat 2, Sneek, The Netherlands		32,407,407 €3,150,000
14. Werviksestraat 348-350, Menen, Belgium		26,234,568 €2,550,000
15. Kulholmsvej 24, 28 and 38 8900 Randers, Denmark		15,432,099 €1,500,000
	Sub-total:	105,555,556 €10,260,000

Group IV — Property leased to the Target Group China in the PRC

16. A parcel of land located at Shanbei Village, Nanshan Town, Zhangjiagang City, Jiangsu Province, the PRC	No commecial value

Property	Capital value in existing state as at 30 April 2009 (HK$)
Group V — Properties leased to the Company and its subsidiaries in the PRC	
17. Units Nos. 208 to 210 on Level 2, District 1, Block B, No.12 Hongda North Road, Economic - Technological Development Area, Beijing, the PRC	No commercial value
18. An industrial complex located at 106 Huaxiang Road, Economic - Technological Development Area, Langfang City, Hebei Province, the PRC	No commercial value
19. Unit No. 10 on Level 3, No. 166 Xinshi North Road, Shijiazhuang City, Hebei Province, the PRC	No commercial value
20. Two parcels of land located on the north side of Zhaolingpu Village, Shijiazhuang City, Hebei Province, the PRC	No commercial value
21. An industrial complex located at Shuimogou Industrial Zone, Urumqi City, Xinjiang Uygur Autonomous Region, the PRC	No commercial value

Property	Capital value in existing state as at 30 April 2009 (HK$)
22. Flat 2 on Level 9, Unit 3, Huixin Mansion, No.149 Huigong Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	No commercial value
23. Room 301, Unit West, No.24 Jiankang Street, Zhangdian District, Zibo City, Shandong Province, the PRC	No commercial value
24. Room 503, Block 1, The Materials Bureau Jiashuyuan, No. 31 Nanxin Street, New City District, Xi'an City, Shanxi Province, the PRC	No commercial value
25. An industrial complex located at Yanliang District, Xian City, Shanxi Province, the PRC	No commercial value
26. Room 1204, Block 5, Lane 831, Zhongshan North Road, Shanghai City, the PRC	No commercial value
27. Units No. 8 Block No. 7, 44 Shiyang Road, Jiulongpo District, Chongqing City, the PRC	No commercial value

Property		Capital value in existing state as at 30 April 2009
		(HK$)
28.	Room 301, Block 110, Hangtian Garden, Zhenxing Road, Jianghan District, Wuhan City, Hubei Province, the PRC	No commercial value
	Sub-total:	No commercial value

Group VI — Property leased to the Company and its subsidiaries in Hong Kong

29.	Unit 3104 on 31st Floor, Tower One, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong	No commercial value
	Sub-total:	No commercial value
	Grand-total:	769,753,647

VALUATION CERTIFICATE

Group I — Properties held and occupied by the Target Group China in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009
				(HK$)
1.	An industrial complex located at No.155 Chenggang Road, Nantong City, Jiangsu Province, the PRC	The property comprises an industrial complex erected upon two parcels of land with a total site area of approximately 286,404.38 sq m. There are about 19 buildings and various ancillary structures and facilities erected on the subject land, which were constructed during the period between 2003 and 2008. Building Ownership Certificates have been granted for 8 buildings with a total gross floor area of approximately 55,349.53 sq m. Building Ownership Certificate has not been granted for the remaining buildings with a total gross floor area of approximately 46,200 sq m. The property is held with the land use rights for industrial use.	The property is occupied by the Target Group China for industrial production and ancillary office uses.	204,600,182 RMB180,130,000

Notes:

(1) According to two State-owned Land Use Rights Certificates issued by Nantong City People's Government, the land use rights of the property, comprising a total site area of 286,404.38 sq m, have been vested in 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited), for industrial use with details as follows:

Certificate No.	Date of issue	Location	Land use term expiry date	Site Area
				(sq m)
(2004) 0209003	15 January 2004	No.155 Chenggang Road, Nantong City	15 January 2054	70,776.95
(2005) 0209015	21 July 2005	East and south of No.155 Chenggang Road, Nantong City	2 June 2055	215,627.43
			Total:	286,404.38

(2) According to Grant Contract of State-owned Land Use Rights Tong Di Chu Zi No. (2003)93 entered into between the Bureau of Land Resources of Nantong City (the "Grantor") and 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) (the "Grantee") on 31 December 2003, the land use rights of the property having a site area of approximately 70,776.95 sq m have been granted to the Grantee for a term of 50 years for industrial use at a consideration of RMB7,785,464.50.

(3) According to Grant Contract of State-owned Land Use Rights No. Tong Di Chu Zi No. (2005)050 entered into between the Bureau of Land Resources of Nantong City (the "Grantor") and 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) (the "Grantee") on 3 June 2005, the land use rights of the property having a site area of approximately 215,627.43 sq m have been granted to the Grantee for a term of 50 years for industrial use at a consideration of RMB23,719,017.30.

(4) According to three Building Ownership Certificates all issued by Nantong Muncipal Real Estate Adminstrative Bureau, the building ownership of the property located at No. 155 Chenggang Road, comprising a total gross floor area of 55,349.53 sq m, have been vested in 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited), with details as follows:

Certificate No.	**Date of issue**	**Block No.**	**No. of Storey**	**Gross Floor Area**
				(sq m)
22000714	12 April 2004	1	10	9,346.38
22000672	18 March 2004	3	1	3,683.26
		4	1	3,683.26
		5	1	3,683.26
12112656	13 May 2007	6	1	7,229.18
		7	1	9,114.18
		8	3	1,448.95
		9	1	17,161.06
			Total	55,349.53

As advised by the Company, Building Ownership Certificate has not been granted for the remaining buildings erected on the industrial complex with a total gross floor area of approximately 46,200 sq m. We have assigned no commercial value to these buildings. For reference purpose, had the Target Group China obtained the valid Building Ownership Certificates, the capital value of these buildings in their existing state as at 30 April 2009 would be RMB58,700,000.

(5) According to three Planning Permits for Construction Use of Land all issued by Nantong City Urban Planning Bureau, the construction site of the property with a total site area of approximately 287,241 sq m, is in compliance with the requirements of urban planning with details as follows:

Permit No.	**Date of issue**	**Site Area**
		(sq m)
(2003)210	5 December 2003	70,814
20040061	21 April 2004	185,727
20040164	21 October 2004	30,700
	Total	287,241

(6) According to nine Planning Permits for Construction Works all issued by Nantong City Urban Planning Bureau, the construction works of the property with a total gross floor area of approximately 80,727 sq m, is in compliance with the requirements of urban construction and approved with details as follows:

Permit No.	**Date of issue**	**Gross floor Area**
		(sq m)
20042001	16 January 2004	10,800
20052022	19 August 2005	25,274
20062004	23 January 2006	9,180
20062025	25 July 2006	2,723
20072002	10 January 2007	20,560
20072016	14 March 2007	3,029
20072021	11 April 2007	7,462
20072037	4 July 2007	1,699
20072061	29 November 2007	10,727
	Total	80,727

(7) According to nine Planning Permits for Commencement of Construction Works all issued by Nantong City Construction Bureau, the construction works of the property with a total gross floor area of approximately 80,681 sq m, have been permitted for construction with details as follows:

Permit No.	**Date of issue**	**Gross floor Area**
		(sq m)
(2005)099	29 August 2005	7,176
(2005)112	14 September 2005	18,125
(2006)055	25 May 2006	9,180
3206002006122600003A	26 December 2006	2,723
3206002007020900004A	9 February 2007	20,560
3206002007051400002A	14 May 2007	3,029
3206002007060100004A	1 June 2007	7,462
3206002007090400004A	5 September 2007	1,699
3206002008012500003A	25 January 2008	10,727
	Total	80,681

(8) According to three Completion and Acceptance Certificates all issued by Nantong City Construction Bureau, the property with a total gross floor area of approximately 34,481 sq m, was completed with details as follows:

Permit No.	**Date of issue**	**Gross floor Area**
		(sq m)
2007 (008)	24 January 2007	7,176
2007 (009)	24 January 2007	18,125
2007 (010)	24 January 2007	9,180
	Total	34,481

(9) According to Business Licence No. 004379 dated 12 December 2006, 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) was established as a foreign owned enterprise with a registered capital of USD15,000,000 for a valid operation period from 14 August 2003 to 13 August 2053.

(10) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property, comprising a site area of 286,404.38 sq m, have been granted to 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited);

(ii) The building ownership of portion of the property have been vested in 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited); and

(iii) 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) is entitled to transfer, lease, mortgage or dispose of the land use rights and building ownership of the portion of the property.

(11) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:-

State-owned Land Use Rights Certificates	Yes
Grant Contracts of State-owned Land use Rights	Yes
Building Ownership Certificates	Yes (Portion)
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Completion and Acceptance Certificates	Yes (Portion)
Business Licence	Yes

VALUATION CERTIFICATE

Group I — Properties held and occupied by the Target Group China in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
2.	An industrial complex located on the south side of Chenggang Road, west side of Miaopu Road, Nantong City, Jiangsu Province, the PRC	The property comprises an industrial complex erected upon a parcel of land with a total site area of approximately 290,007.22 sq m. There are about 2 buildings and various ancillary structures and facilities erected on the subject land, which were constructed during the period between 2008 and 2009. Building Ownership Certificate has not been granted for the buildings with a total gross floor area of approximately 9,942 sq m. The property is held with the land use rights for a term due to expire on 13 August 2058 for industrial use.	The property is occupied by the Target Group China for industrial production and ancillary office uses.	110,449,796 RMB97,240,000

Notes:

(1) According to Grant Contract of State-owned Land Use Rights Tong Di Chu Zi No. (2008)235 entered into between the Bureau of Land Resources of Nantong City (the "Grantor") and 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) (the "Grantee") on 14 July 2008, the land use rights of the property having a site area of approximately 290,007.22 sq m have been granted to the Grantee for a term of 50 years for industrial use at a consideration of RMB97,442,425.92.

(2) According to State-owned Land Use Rights Certificate No. (2009) 020902 issued by Nantong City People's Government, the land use rights of the property, comprising a total site area of 290,007.22 sq m located at Chenggang Road, have been vested in 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) for a term due to expire on 13 August 2058 for industrial use.

(3) As advised by the Company, Building Ownership Certificate has not been granted for the subject buildings. We have assigned no commercial value to the buildings. For reference purpose, had the Target Group China obtained the valid Building Ownership Certificate, the capital value of the buildings in their existing state as at 30 April 2009 would be RMB20,970,000.

(4) According to Business Licence No. 004379 dated 12 December 2006, 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) was established as a foreign owned enterprise with a registered capital of USD15,000,000 for a valid operation period from 14 August 2003 to 13 August 2053

(5) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property, comprising a site area of 290,007.22 sq m, have been granted to 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited);

(ii) The building ownership of the property has not been vested in 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited);

(iii) 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) has made the application for obtaining the Building Ownership Certificate; and

(iv) 南通中集罐式儲運設備製造有限公司 (Nantong CIMC Tank Equipment Company Limited) is entitled to transfer, lease, mortgage or dispose of the land use rights of the property.

(6) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:-

State-owned Land Use Rights Certificate	Yes
Grant Contracts of State-owned Land use Rights	Yes
Building Ownership Certificate	No
Business Licence	Yes

VALUATION CERTIFICATE

Group I — Properties held and occupied by the Target Group China in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
3.	An industrial complex located on the east side of Xiangshan Road, Shanbei Village, Nansha Town, Zhangjiagang City, Jiangsu Province, the PRC	The property comprises an industrial complex erected on a parcel of land with a total site area of approximately 34,016.10 sq m. There are about 9 buildings and various ancillary structures and facilities erected on the subject land, which were constructed during the period between 2001 and 2006. Building Ownership Certificates have been granted for 5 buildings with a total gross floor area of approximately 16,805.25 sq m. Building Ownership Certificate has not been granted for the remaining buildings with a total gross floor area of approximately 714.80 sq m. The property is held with the land use rights for a term due to expire on 28 September 2048 for industrial use.	The property is occupied by the Target Group China for industrial production and ancillary office uses.	33,041,799 RMB29,090,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2005) 340001 issued by Zhangjiagang City People's Government on 28 March 2005, the land use rights of the property located on the east of Xiangshan Road, Shanbei Village, Nansha Town, comprising a total site area of 34,016.10 sq m, have been vested in 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) for a term due to expire on 28 September 2048 for industrial use.

(2) According to Transfer Contract of State-owned Land Use Rights No. (2000) 36 entered into between the 張家港市進出口物資公司 (the "Transferor") and 張家港市聖達因化工機械有限公司 (the "Transferee") on 20 December 2000, the land use rights of the property having a site area of approximately 34,016.10. sq m have been transferred to the Transferee for a term due to expire on 28 September 2048 for industrial use at a consideration of RMB4,081,932.

(3) According to Building Ownership Certificate No. 0000150999 all issued by Zhangjiagang Muncipal Real Estate Adminstrative Bureau, the building ownership of the property located on the east side of Xiangshan Road, comprising a total gross floor area of 16,861.10 sq m, have been vested in 張家港市聖達因化工機械有限公司 with details as follows:

Certificate No.	Date of issue	Block No.	No. of Storey	Gross Floor Area
				(sq m)
0000150999	26 November 2008	1	2	1,645.74
		2	1	444.06
		3	1	5,450.63
		4	1	4,681.12
		5	1	4,583.70
			Total	16,805.25

As advised by the Company, Building Ownership Certificate has not been granted for the remaining buildings erected on the industrial complex with a total gross floor area of approximately 714.80 sq m. We have assigned no commercial value to these buildings. For reference purpose, had the Target Group China obtained the valid Building Ownership Certificates, the capital value of these buildings in their existing state as at 30 April 2009 would be RMB1,160,000.

(4) According to Business Licence No. 004126 dated 16 August 2007, 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) was established as a limited company with a registered capital of RMB144,862,042.01 for a valid operation period from 7 December 1999 to 5 December 2030.

(5) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The name of 張家港市聖達因化工機械有限公司 has been changed to 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) in November 2004. The application for change of name in the Building Ownership Certificates has been made. 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) has no legal impediment to obtain the Building Ownership Certificates under its name;

(ii) The land use rights of the property, comprising a site area of 34,016.10 sq m, have been granted to 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited);

(iii) The building ownership of portion of the property have been vested in 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited); and

(iv) 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) is entitled to transfer, lease, mortgage or dispose of the land use rights and building ownership of portion of the property.

(6) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:-

State-owned Land Use Rights Certificate	Yes
Transfer Contract of State-owned Land use Rights	Yes
Building Ownership Certificates	Yes (portion)
Business Licence	Yes

VALUATION CERTIFICATE

Group I — Properties held and occupied by the Target Group China in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
4.	An industrial complex located at Gangxi Village, Jingang Town, Zhangjiagang City, Jiangsu Province, the PRC	The property comprises an industrial complex erected upon a parcel of land with a site area of approximately 124,828.80 sq m. There are 5 buildings and various ancillary structures and facilities erected on the subject land, which were constructed during the period between 2006. The property has a total gross floor area of approximately 51,516.56 sq m. The property is held with the land use rights for a term due to expire on 30 May 2057 for industrial use.	The property is occupied by the Target Group China for industrial production and ancillary office uses.	107,167,197 RMB94,350,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2007) 700027 issued by Zhangjiagang City People's Government on 5 July 2007, the land use rights of the property located at Gangxi Village, Jingang Town, comprising a total site area of 124,828.80 sq m, have been vested in 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited), for a term due to expire on 30 May 2057 for industrial use.

(2) According to Grant Contract of State-owned Land Use Rights No. (2007) 47 entered into between the Bureau of Land Resources of Zhangjiagang City (the Grantor) and 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) (the Grantee) on 25 April 2007, the land use rights of the property having a site area of 124,828.80 sq m have been granted to the Grantee for a term of 50 years for industrial use at a consideration of RMB 17,825,553 with details as follows:

(i)	Location	: Gangxi Village, Jingang Town
(ii)	Plot Ratio	: 0.83
(iii)	Site coverage	: 60.84%
(iv)	Greenery Ratio	: 24.80%

(3) According to a Building Ownership Certificate issued by Zhangjiagang Muncipal Real Estate Adminstrative Bureau, the building ownership of the property located at Gangxi Village, Jingang Town, comprising a total gross floor area of 51,516.56 sq m, have been vested in 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited (with details as follows:

Certificate No.	Date of issue	Block No.	No. of Storey	Gross Floor Area
				(sq m)
0000159534	7 May 2009	1	3	2,796.08
		2	1	46.41
		3	5	4,589.98
		4	1	25,071.57
		5	1	19,012.52
			Total	51,516.56

(4) According to Planning Permit for Construction Use of Land (2005) 229 issued by Zhangjiagang City Urban Planning Bureau on 5 August 2005, the construction site of the property with a total site area of 124,828.8 sq m, is in compliance with the requirements of urban planning.

(5) According to Business Licence No. 004126 dated 16 August 2007, 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) was established as a limited company with a registered capital of RMB144,862,042.01 for a valid operation period from 7 December 1999 to 5 December 2030.

(6) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property, comprising a site area of 124,828.80 sq m, have been granted to 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited);

(ii) The building ownership of the property have been vested in 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited);

(iii) 張家港中集聖達因低溫裝備有限公司 (Zhangjiagang CIMC Sanctum Cryogenic Equipment Company Limited) is entitled to transfer, lease, mortgage or dispose of the land use rights of the property.

(7) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:-

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land use Rights	Yes
Building Ownership Certificate	No
Planning Permit for Construction Use of Land	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
5.	An industrial complex located on the west side of Huaxiang Road and the south side of Yaohua Road, Economic-Technological Development Area, Langfang City, Hebei Province, the PRC	The property comprises an industrial workshop erected upon two parcels of contiguous land with a total site area of approximately 11,566.50 sq m. The industrial complex comprises two single-storey industrial buildings completed in 2007. The property has a total gross floor area of approximately 10,206 sq m. The property is held with the land use rights for a term due to expire on 30 August 2052 for industrial use.	The property is occupied by the Company and its subsidiaries for industrial use.	No commercial value

Notes:

(1) According to Sale and Purchase Contracts No. HK-2006-001 entered into between 廊坊華凱房地產開發有限公司 (Langfang Huakai Real Estate Development Co., Ltd.) (the "Vendor") and 安瑞科(廊坊)能源裝備集成有限公司 (Enric (Langfang) Energy Equipment Integration Co., Ltd.), which is an indirect wholly-owned subsidiary of the Company, (the "Purchaser") in 2006, the land use rights of the property having a site area of approximately 6,766.50 sq m and a total gross area of approximately 5,406 sq m have been sold to the Purchaser for a term due to expire on 30 August 2052 for industrial use at a consideration of RMB15,774,700.

(2) According to Sale and Purchase Contracts No. HK-2006-004 entered into between 廊坊華凱房地產開發有限公司 (Langfang Huakai Real Estate Development Co., Ltd.) (the "Vendor") and 安瑞科(廊坊)能源裝備集成有限公司 (Enric (Langfang) Energy Equipment Integration Co., Ltd.) (the "Purchaser") on 7 February 2007, the land use rights of the property having a site area of approximately 4,800 sq m and a total gross area of approximately 4,800 sq m have been sold to the Purchaser for a term due to expire on 30 August 2052 for industrial use at a consideration of RMB14,006,400.

(3) As advised by the Company, the State-owned Land Use Rights Certificates have not been granted to two parcels of the land with a total site area of 11,566.50 sq m and Building Ownership Certificates have not granted to the buildings erected on the industrial complex with a total gross floor area of 10,206 sq m. We have assigned no commercial value to these land and buildings. For reference purpose, had the Restructured Group obtained the valid State-owned Land Use Rights Certificates and Building Ownership Certificates, the capital value of these land and buildings in their existing state as at 30 April 2009 would be RMB44,700,000.

(4) According to Business Licence No. 131000400001687 dated 22 November 2007, 安瑞科(廊坊)能源裝備集成有限公司 (Enric (Langfang) Energy Equipment Integration Co., Ltd.) was established as a limited company with a registered capital of HK$50,000,000 for a valid operation period from 28 December 2004 to 27 December 2034.

(5) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

安瑞科(廊坊)能源裝備集成有限公司 (Enric (Langfang) Energy Equipment Integration Co. Ltd.) has not obtained the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and has made the application for obtaining these certificates.

(6) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:-

Sale and Purchase Contracts	Yes
State-owned Land Use Rights Certificate	No
Building Ownership Certificate	No
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
6.	An industrial complex located at North Gaoji Avenue, Zhaolingpu Village, Xinhua District, Shijiazhuang City, Hebei Province, the PRC	The property comprises an industrial complex erected upon two parcels of land with a total site area of approximately 75,366.3 sq m. The industrial complex comprises 11 buildings and some ancillary structures. The buildings were completed during the period between 1980 and 2008. The property has a total gross floor area of approximately 40,646.26 sq m, in which 17,944.26 sq m with Building Ownership Certificates. The property is held with the land use rights for a term due to expire on 28 December 2048 for industrial use.	The property is occupied by the Company and its subsidiaries for industrial use.	84,961,381 RMB74,800,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2004)203 issued by Shijiazhuang City People's Government on 31 December 2004, the land use rights of the property, comprising a total site area of 68,156 sq m, have been vested in 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.,), which is an indirect wholly-owned subsidiary of the Company, for a term due to expire on 28 December 2048 for industrial use.

(2) According to State-owned Land Use Rights Certificate No. (2008) 0082 issued by Shijiazhuang City People's Government on 31 July 2008, the land use rights of the property, comprising a total site area of 7,210.3 sq m, have been vested in 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.,) for a term due to expire on 28 December 2048 for industrial use.

(3) According to five Building Ownership Certificates all issued on 15 November 2004, the building ownership of the property, comprising a total gross floor area of 30,132.55 sq m, have been vested in 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) with details as follows:

Certificate No.	Date of Issue	Block No.	Building	No. of Storey	Gross floor Area
					(sq m)
370000010	15 November 2004	29	Reception	1	49.46
		2	Machine Room	1	115.32
		3	Switching Room	1	244.44
		28	Warehouse	1	243.00
		5	Workshop	1	674.15
370000011	15 November 2004	6	Workshop	3	1,513.22
		7	Workshop	3	2,362.91
		8	Workshop	1	3,831.07
		43	Warehouse	1	174.42
		27	Warehouse	1	172.52
370000012	15 November 2004	21	Office	4	1,637.91
		20	Office	3	996.06
		38	Warehouse	1	165.55
		19	Workshop	2	836.85
		18	Workshop	1	1,377.81
370000013	30 March 2005	15	Workshop	1	2,635.97
		16	Workshop	1	199.24
		17	Warehouse	1	194.74
350000055	23 April 2008	28	Workshop	1	5,870.25
			Workshop	1	4,812.80
			Office	3	2,024.86
				Total	30,132.55

As advised by the Company, some buildings in the above Building Ownership Certificates have been demolished. The existing buildings are summarized as below:

Certificate No.	Date of issue	Block No.	Building	No. of Storey	Gross floor Area
					(sq m)
370000010	15 November 2004	29	Reception	1	49.46
		2	Machine Room	1	115.32
		3	Switching Room	1	244.44
370000011	15 November 2004	8	Workshop	1	3,831.07
370000012	15 November 2004	20	Office	3	996.06
370000013	30 March 2005		Workshop	1	5,870.25
			Workshop	1	4,812.80
350000055	23 April 2008	28	Office	3	2,024.86
				Total	17,944.26

(4) As advised by the Company, Building Ownership Certificate has not been granted for remaining 2 buildings erected on the industrial complex with a total gross floor area of approximately 22,702.00 sq m with the details as follows:

Building	Gross floor Area
	(sq m)
New CNG Workshop	21,667
Canteen	1,035
	22,702

We have assigned no commercial value to these buildings. For reference purpose, had the Restructured Group obtained valid Building Ownership Certificates, the capital value of these buildings in their existing state as at 30 April 2009 would be RMB50,400,000.

(5) According to Planning Permit for Construction Works No. (2006) 148 issued by Shijiazhuang City Urban Planning Bureau on 1 August 2006, construction works of the workshop comprising a total gross floor area of 21,667 sq m, is in compliance with the construction works requirements and have been approved.

(6) According to Permit for Commencement of Construction Works No. 130101S060520101 issued by Shijiazhuang City Urban and Rural Construction Committee on 21 November 2007, the construction works of the New CNG Workshop, with a total gross floor area of 21,272 sq m, is in compliance with the requirements for works commencement and have been permitted.

(7) According to Business Licence No. 130100400007134 dated 28 November 2007, 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) was established as a limited company with a registered capital of USD 7,000,000 for a valid operation period from 30 September 2003 to 30 September 2053.

(8) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property, comprising a total site area of 75,366.3 sq m, have been granted to 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Company Ltd.);

(ii) The building ownership of portion of the property have been vested in 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Company Ltd.); and

(iii) 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Company Ltd.) is entitled to transfer, lease, mortgage or dispose of the land use rights of the property and the building ownership of portion of the property.

(9) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes (Portion)
Planning Permit for Construction Works	Yes (Portion)
Permit for Commencement of Construction Works	Yes (Portion)
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
7.	An industrial complex located at No. 187 Yanshan Road, Bengbu City, Anhui Province, the PRC	The property comprises various one to three storeys buildings and structures erected on a parcel of land with a total site area of approximately 180,845.80 sq m. The property has a total gross floor area of approximately 49,579.62 sq m. The property is held with the land use rights for industrial use.	The property is occupied by the Company and its subsidiaries for industrial use.	80,667,878 RMB71,020,000

Notes:

(1) According to two State-owned Land Use Rights Certificates issued by Bengbu City People's Government, the land use rights of the property, comprising a total site area of 180,845.80 sq m, have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.), which is an indirect wholly-owned subsidiary of the Company, for industrial use with details as follows:

Certificate No.	Date of issue	Location	Expiry date of land use term	Site Area (sq m)
04053	7 April 2004	North of the Yanshan Road East,	18 January 2054	3,017.60
202031	31 March 2002	No.187 Yanshan Road,	Not Available	115,762.00
08107	10 April 2008	North of Yanshan Road	29 June 2057	38,027.60
08108	10 April 2008	North of Yanshan Road	29 June 2057	24,038.60
			Total:	180,845.80

(2) According to 44 Real Estate Title Certificates issued in the period between 4 April 2002 and 7 August 2007, the building ownership of the property, comprising a total gross floor area of 49,579.62 sq m, have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) with details as follows:

Certificate No.	Date of issue	No. of storey	Gross Floor Area (sq m)
01147	5 April 2002	2	4,807.40
01144	5 April 2002	1	78.25
014387	4 April 2002	1	2,194.01
014388	4 April 2002	1	282.70
014389	5 April 2002	1	110.92
014390	5 April 2002	2	883.86

Certificate No.	Date of issue	No. of storey	Gross Floor Area
			(sq m)
014392	5 April 2002	1	595.55
014393	5 April 2002	3	1,853.40
014394	5 April 2002	1	66.15
014395	5 April 2002	1	539.69
014397	5 April 2002	1	694.20
014398	5 April 2002	1	84.00
014399	5 April 2002	1	1,562.10
014400	5 April 2002	1	149.50
014401	5 April 2002	3	1,463.13
014402	5 April 2002	2	1,431.48
014403	5 April 2002	1	531.25
014405	5 April 2002	1	130.90
014406	5 April 2002	1	169.21
014407	5 April 2002	1	50.54
014408	5 April 2002	1	16.80
014409	5 April 2002	2	781.66
014410	5 April 2002	1	111.56
014411	5 April 2002	1	64.24
014413	5 April 2002	1	52.56
014414	5 April 2002	1	220.82
014416	5 April 2002	1	42.35
014417	5 April 2002	1	60.16
014421	5 April 2002	1	36.49
014422	5 April 2002	1	13,324.66
014423	5 April 2002	1	34.34
014424	5 April 2002	3	2,649.61
014425	5 April 2002	2	4,952.81
014426	5 April 2002	1	1,020.71
014428	5 April 2002	1	110.22
014430	5 April 2002	1	329.45
014431	5 April 2002	1	1,581.00
014432	5 April 2002	1	703.08
014433	5 April 2002	1	89.25
014434	5 April 2002	1	524.77
014435	5 April 2002	2	4,097.51
014436	5 April 2002	1	72.80
022338	6 July 2006	1	1,620.26
023929	7 August 2007	1	115.61
			49,579.62

(3) According to Business Licence No. 340300400001182(1-1) dated 24 December 2007, 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) was established as a limited company with a registered capital of HK$60,808,385 for a valid operation period from 14 March 2002 to 14 March 2052.

(4) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property have been granted to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.);

(ii) The building ownership of the property have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.); and

(iii) 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) is entitled to transfer, lease, mortgage or dispose of the land use rights and building ownership of the property.

(5) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

State-owned Land Use Rights Certificates	Yes
Real Estate Title Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
8.	Units Nos. 1 and 2 on Levels 6 and 7 (Duplex), Block 22, Xin Yi Lu Zhou (Phase 1), Bengbu City, Anhui Province, the PRC	The property comprises 2 duplex units on Levels 6 and 7 of a 7-storey residential building. The building was completed in 2004. The property has a total gross floor area of approximately 283.52 sq m. The property is held with the land use rights for residential use.	The property is occupied by the Company and its subsidiaries for residential use.	897,319 RMB790,000

Notes:

(1) According to two State-owned Land Use Rights Certificates issued by Bengbu Muncipial Peoples' Government, the land use rights of the property have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) for residential use with details as follows:

Certificate No.	Date of issue	Location	Expiry date of land use term
06056	11 May 2006	Block No. 22 of Xin Yi Lu Zhou	Not available
06057	11 May 2006	Block No. 22 of Xin Yi Lu Zhou	Not available

(2) According to two Real Estate Title Certificates all issued by Bengbu Municipal Housing Administration Bureau, the land use rights and building ownership of the property, comprising a total gross floor area of 283.52 sq m, have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) with details as follows:

Certificate No.	Date of issue	Block No.	Unit	Gross Floor Area (sq m)
021459	27 January 2006	22	601 & 701	141.76
021609	5 February 2006	22	602 & 702	141.76
			Total:	283.52

(3) According to Business Licence No. 340300400001182(1-1) dated 24 December 2007, 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) was established as a limited company with a registered capital of HK$60,808,385 for a valid operation period from 14 March 2002 to 14 March 2052.

(4) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property have been granted to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.);

(ii) The building ownership of the property have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.); and

(iii) 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) is entitled to transfer, lease, mortgage or dispose of the land use rights and building ownership of the property.

(5) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

State-owned Land Use Rights Certificates	Yes
Real Estate Title Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
9.	Various units in Hong Yang Xiao Qu, 205 Tushan Road, Bengbu City, Anhui Province, the PRC	The property comprises 3 units in a two-storey buildings. The property has a total gross floor area of approximately 190.29 sq m. The property is held with the land use rights for commercial and residential uses.	The property is occupied by the Company and its subsidiaries for commercial and residential uses.	454,339 RMB400,000

Notes,

(1) According to three Real Estate Title Certificates issued by Bengbu Municipal Housing Administration Bureau, the land use rights and building ownership of the property comprising a total gross floor area of 190.29 sq m, have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) with details as follows:

Certificate No.	Date of issue	Unit	Floor level	Use	Gross Floor Area (sq m)
015226	17 July 2002	Unit 2 0n Level 1 in Block No. 1	1	Commercial	97.39
015229	18 July 2002	Unit 1-5-17 in Block No. 1	5	Residential	51.40
015233	18 July 2002	Unit 2-1-2 in Block No. 3	1	Residential	41.50
					190.29

(2) According to Business Licence No. 340300400001182(1-1) dated 24 December 2007, 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) was established as a limited company with a registered capital of HK$60,808,385 for a valid operation period from 14 March 2002 to 14 March 2052.

(3) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property have been granted to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.);

(ii) The building ownership of the property have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.); and

(iii) 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) is entitled to transfer, lease, mortgage or dispose of the land use rights and building ownership of the property.

(4) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

Real Estate Title Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Company and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
10.	Various units in Nan Kong Xin Cun, Yanshan Road East, Bengbu City, Anhui Province, the PRC	The property comprises various units in Nan Kong Xin Cun. The property has a total gross floor area of approximately 1,135.30 sq m. The property is held with the land use rights for residential or office uses.	The property is occupied by the Company and its subsidiaries for office and staff quarters use.	806,452 RMB710,000

Notes:

(1) According to six Real Estate Title Certificates issued by Bengbu Municipal Housing Administration Bureau, the land use rights and building ownership of the property comprising a total gross floor area of 1,135.30 sq m have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) with details as follows:

Certificate No.	Date of issue	Unit	Floor level	Use	Gross Floor Area (sq m)
015221	17 July 2002	10 units in Block No. 25	1 to 3	Residential	300.00
015222	17 July 2002	9 units in Block No. 24	1 to 3	Residential	270.00
015223	17 July 2002	Level 1 in Block No. 7	1	Office	351.42
015224	17 July 2002	Unit 306 in Block No. 13	3	Residential	31.42
015225	17 July 2002	Units 301 and 304 in Block No. 14	3	Residential	92.46
015234	18 July 2002	3 units in Block No. 24	1, 3	Residential	90.00
					1,135.30

(2) According to Business Licence No. 340300400001182(1-1) dated 24 December 2007, 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) was established as a limited company with a registered capital of HK$60,808,385 for a valid operation period from 14 March 2002 to 14 March 2052.

(3) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property have been granted to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.);

(ii) The building ownership of the property have been vested in 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.); and

(iii) 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) is entitled to transfer, lease, mortgage or dispose of the land use rights and building ownership of the property.

(4) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

Real Estate Title Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held and occupied by the Group and its subsidiaries in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
11.	A parcel of land located at Jingmen Economic Development Zone, Jingmen City, Hubei Province, the PRC	The property comprises a parcel of land with a total site area of approximately 179,105.09 sq m. The property is held with the land use rights for a term due to expire on 31 December 2056 for industrial use.	The property is a parcel of bare land.	41,151,749 RMB36,230,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2008) 20081487 issued by Jingmen City People's Government on 14 November 2008, the land use rights of the property, comprising a total site area of 179,105.09 sq m located at Jingmen Economic Development Zone, have been vested in 中集安瑞科(荊門)能源裝備有限公司) (CIMC Enric (Jingmen) Energy Equipment Co. Ltd.), which is an indirect wholly-owned subsidiary of the Company, for a term due to expire on 31 December 2056 for industrial use.

(2) According to Business Licence No. 420800400000910, 中集安瑞科(荊門)能源裝備有限公司) (CIMC Enric (Jingmen) Energy Equipment Co. Ltd.) was established as a limited company with a registered capital of HK$50,000,000 for a valid operation period from 16 July 2008 to 16 July 2058.

(3) We have been provided with a legal opinion issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The land use rights of the property, have been granted to 中集安瑞科(荊門)能源裝備有限公司) (CIMC Enric (Jingmen) Energy Equipment Co. Ltd.); and

(ii) 中集安瑞科(荊門)能源裝備有限公司) (CIMC Enric (Jingmen) Energy Equipment Co. Ltd. is entitled to transfer, lease, mortgage or dispose of the land use rights of the property.

(4) The status of title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:-

State-owned Land Use Rights Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group III — Properties held and occupied by the Target Group Europe in overseas countries

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
12.	Kapitein, Grantstraat 8, 10 and 12, Jules Verneweg, Emmen, The Netherlands	The property comprises a 3-storey industrial/ workshop complex with ancillary office accommodation completed in about 1967. The property has a total gross floor area of approximately 19,647 sq m. The total site area is approximately 28,730 sq m. The property is held under freehold ownership.	The property is occupied by the Target Group Europe mainly for industrial use.	31,481,481 €3,060,000

Notes:

(1) According to information obtained from title search, which contains, inter alia, the following information:

(i) The owner of the property is Holvrieka Holding B.V.

(ii) The property is subject to a first priority right of mortgage in favour of Fortis Bank (Nederland) N.V.

VALUATION CERTIFICATE

Group III — Properties held and occupied by the Target Group Europe in overseas countries

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
13.	Lorentzstraat 7 and Kamerlingh Onnesstraat 2, Sneek, The Netherlands	The property comprises a 2-storey industrial/workshop complex with ancillary office accommodation completed in various years with the earliest in 1979. The property has a total gross floor area of approximately 12,250 sq m. The total site area is approximately 32,663 sq m. The property is held under freehold ownership.	The property is occupied by the Target Group Europe mainly for industrial use.	32,407,407 €3,150,000

Notes:

(1) According to information obtained from title search, which contains, inter alia, the following information:

(i) The owner of the property is Holvrieka Holding B.V.

(ii) The property is subject to a first priority right of mortgage in favour of Fortis Bank (Nederland) N.V.

VALUATION CERTIFICATE

Group III — Properties held and occupied by the Target Group Europe in overseas countries

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
14.	Werviksestraat 348-350, Menen, Belgium	The property comprises a 1- to 2-storey industrial complex with ancillary office accommodation completed in two phases in the 1970's and the 1980's. The property has a total gross floor area of approximately 12,000 sq m. The total site area is approximately 28,193 sq m. The property is held under freehold ownership.	The property is occupied by the Target Group Europe for industrial production and ancillary office uses.	26,234,568 €2,550,000

Notes:

(1) According to a Deed of Purchase dated 25 March 1974, the owner of the property is Holvrieka N.V.

VALUATION CERTIFICATE

Group III — Properties held and occupied by the Target Group Europe in overseas countries

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 (HK$)
15.	Kulholmsvej 24, 28 and 38, 8900 Randers, Denmark	The property comprises an industrial complex of ten buildings with ancillary office accommodation completed in various years with the first phase in the late 1950's and the last in the late 1990's situated on three parcels of land of a total site area of approximately 31,065 sq m. The property has a total gross floor area of approximately 5,216 sq m. The property is held under three ground leases from the harbour authority for a period until 1 April 2028 at a total ground rent of DKK375,661 per year subject to a total rent rebate of DKK81,597.	The property is occupied by the Target Group Europe mainly for industrial use.	15,432,099 €1,500,000

Notes:

(1) Pursuant to three lease contracts, the land lots at Kulholmsvej 24, 28 and 38 are leased to Gjettermann og Nielsen A/S which is a registered secondary name to Holvreika Danmark A/S.

(2) As advised by the Group, Holvreika Danmark A/S has constructed buildings on the leased land. The registered owner of the buildings at Kulholmsvej 24 is Gjettermann og Nielsen A/S. The buildings situated at Kulholmsvej 28 and 38 are situated at the same property.

(3) According to the land register, two debt certificates are registered at Kulholmsvej 24 whilst one of such debt certificates is also registered at Kulholmsvej 28.

(4) According to the land register, parts of the property are registered as contaminated/possibly contaminated. In the course of our valuation, we have assumed that the property is free from contamination.

VALUATION CERTIFICATE

Group IV — Property leased to the Target Group China in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
16.	A parcel of land located at Shanbei Village, Nanshan Town, Zhangjiagang City, Jiangsu Province, the PRC	The property comprises a parcel of land with a total site area of approximately 333.34 sq m and is occupied as staff's vehicles parking spaces. The property was leased to 張家港市聖達因化工機械有限公司 for a term due to expire on 28 September 2048 at a rent of RMB40,000 for the whole term. According to the PRC legal opinion, the lease has not been registered in the relevant authority and is not under law protection. However it does not have influence on the production activity of the Target Group China.	No commercial value

VALUATION CERTIFICATE

Group V — Properties leased to the Company and its subsidiaries in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
17.	Units Nos. 208 to 210 on Level 2, District 1, Block B, No.12 Hongda North Road, Economic - Technological Development Area, Beijing, the PRC	The property comprises 3 units on Level 2 of a 4-storey office building completed in 2001. The property has a total gross floor area of approximately 503.60 sq m and is occupied as office. The property was leased to 北京安瑞科新能源科技有限公司 (Beijing Enric Energy Technologies Limited) for a term of 1 year from 1 March 2009 to 28 February 2010 at annual rent of RMB 330,865.20 inclusive of management fee and air-conditioning fee. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
18.	An industrial complex located at 106 Huaxiang Road, Economic - Technological Development Area, Langfang City, Hebei Province, the PRC	The property comprises Level 4 of a 4-storey office building and a parcel of land with a site area of 300 sq m. The building was completed in 2006. The property has a total gross floor area of approximately 944.64 sq m and is occupied as office. The property was leased to 安瑞科(廊坊)能源裝備集成有限公司 (Enric (Langfang) Energy Equipment Integration Co., Ltd.) for a term of 1 year from 1 March 2009 to 28 February 2010 at annual rent of RMB366,693.60. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
19.	Unit No. 10 on Level 3, No. 166 Xinshi North Road, Shijiazhuang City, Hebei Province, the PRC	The property comprises an office unit on Level 3 of a 3-storey office building. The property has a total gross floor area of approximately 25 sq m and is occupied as an office. The property was leased to 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) from 1 September 2006 to 1 September 2023 at a monthly rent of RMB300. According to the PRC legal opinion, the lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value

VALUATION CERTIFICATE

Group V — Properties leased to the Company and its subsidiaries in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
20.	Two parcels of land located on the north side of Zhaolingpu Village, Shijiazhuang City, Hebei Province, the PRC	The property comprises two parcels of bare land and has a total site area of approximately 10,782 sq m. A parcel of land with site area of approximately 4,700 sq m was leased to 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) for a term of 5 years from 1 December 2006 to 30 November 2011 at annual rent of RMB70,000 with rent increment of 3% per annum. Another parcel of land with site area of approximately 6,082 sq m was leased to 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) for a term of 2 years from 1 January 2009 to 31 December 2010 at annual rent of RMB95,000 with rent increment of 5% per annum. According to the PRC legal opinion, the leases have not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
21.	An industrial complex located at Shuimogou Industrial Zone, Urumqi City, Xinjiang Uygur Autonomous Region, the PRC	The property comprises an industrial complex erected on a parcel of land with a total site area of approximately 10,000 sq m. The industrial complex comprises a workshop, office units, a 2-storey staff dormitory building, a warehouse and other facilities.	No commercial value

Type of property	Approximate gross floor area (sq m)
Office	2,300
Workshop	1,440
Staff dormitory	800
Warehouse	400
Total	4,940

The property was leased to 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) for a term of 5 years from 1 June 2007 to 31 May 2012 at a annual rent of RMB300,000 exclusive of management fees and services/utilities charges.

According to the PRC legal opinion, the lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.

VALUATION CERTIFICATE

Group V — Properties leased to the Company and its subsidiaries in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
22.	Flat No. 2 on Level 9, Block No. 3, Huixin Mansion, No.149 Huigong Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	The property comprises a unit on Level 9 of a 16-storey residential building completed in 2000. The property has a total gross floor area of approximately 160 sq m and is occupied as office and staff quarters. The property was leased to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) from 8 August 2008 to 8 August 2009 at annual rent of RMB33,000. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
23.	Room 301, Unit West, No.24 Jiankang Street, Zhangdian District, Zibo City, Shandong Province, the PRC	The property comprises a unit on Level 3 of a 6-storey residential building completed in 1980's. The property has a total gross floor area of approximately 88.33 sq m and is occupied as office and staff quarters. The property was leased to 安瑞科(蚌埠)壓縮機有限公司((Enric (Bengbu) Compressor Co., Ltd.) from 20 March 2007 to 20 March 2010 at a monthly rent of RMB800, inclusive of management fees and services, exclusive of utilities charge. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
24.	Room 503, Block 1, The Materials Bureau Jiashuyuan, No. 31 Nanxin Street, New City District, Xi'an City, Shanxi Province, the PRC	The property comprises a residential unit on Level 5 of an 18-storey residential building completed in 1998. The property has a total gross floor area of approximately 105 sq m and is occupied as staff quarters. The property was leased to 安瑞科(蚌埠)壓縮機有限公司((Enric (Bengbu) Compressor Co., Ltd.) for a term from 25 January 2008 to 24 July 2009 at a monthly rent of RMB 1,500. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value

VALUATION CERTIFICATE

Group V — Properties leased to the Company and its subsidiaries in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
25.	An industrial complex located at Yanlaing District, Xian City, Shanxi Province, the PRC	The property comprises an industrial complex erected on a parcel of land with a total site area of approximately 14,000 sq m. Completed in about 2003, the property comprises several buildings with a total gross floor area of approximately 1,386 sq m. The property was leased to 石家莊安瑞科氣體機械有限公司 (Shijiazhuang Enric Gas Equipment Co., Ltd.) for a term of 3 years from 1 May 2008 to 30 April 2011 at a annual rent of RMB300,000 inclusive of management fees and exclusive services/utilities charges. According to the PRC legal opinion, the lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
26.	Room 1204, Block 5, Lane 831, Zhongshan North Road Shanghai, the PRC	The property comprises a unit on Level 12 of a 23-storey residential building completed in 2005. The property has a total gross floor area of approximately 103.38 sq m and is occupied as office use. The property was leased to 安瑞科(蚌埠)壓縮機有限公司((Enric (Bengbu) Compressor Co., Ltd.) for a term of half year from 1 December 2008 to 31 May 2009 at a monthly rent of RMB3,000, exclusive of management fees and services/utilities charges. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value
27.	Units No. 8 on level 4, Block No. 7, 44 Shiyang Road Jiulongpo District, Chongqing City, the PRC	The property comprises a residential unit on Level 4 of a 16-storey building completed in 2003. The property has a total gross floor area of approximately 89.03 sq m and is occupied as office. The property was leased to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) for a term of 1 year from 17 March 2008 to 18 March 2009 at a monthly rent of RMB1,600. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease is legal, valid, binding on both parties and enforceable.	No commercial value

VALUATION CERTIFICATE

Group V — Properties leased to the Company and its subsidiaries in the PRC

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
28.	Room 301, Block 110, Hangtian Garden, Zhenxing Road, Jianghan District, Wuhan City, Hubei Province, the PRC	The property comprises a residential unit on Level 3 of an 8-storey residential building completed in 2003. The property has a total gross floor area of approximately 138.02 sq m and is occupied as staff quarters. The property was leased to 安瑞科(蚌埠)壓縮機有限公司 ((Enric (Bengbu) Compressor Co., Ltd.) from 18 November 2008 to 18 November 2009 at a monthly rent of RMB2,100 exclusive of management fees and services/utilities charges. According to the PRC legal opinion, the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid, binding on both parties and enforceable.	No commercial value

VALUATION CERTIFICATE

Group VI — Property leased to the Company and its subsidiaries in Hong Kong

	Property	Description and tenancy particulars	Capital value in existing state as at 30 April 2009 (HK$)
29.	Unit 3104 on 31st Floor, Tower One, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong	The property comprises an office unit on 31st Floor of a 38-storey office tower erected over a 6-storey common podium. Completed in 1987, the ground to 3rd Floor of the building are devoted to retail/commercial purposes while the 2 basements are devoted to car parking purpose. The property has a total lettable area of approximately 182.18 sq m and is used as office. The property was leased to Enric Investment Group Ltd. for a term of 3 years from 1 February 2008 to 31 January 2011 at a monthly rent of HK$68,635, exclusive of management fees and utilities charges.	No commercial value

Set out below is a summary of certain provisions of the Memorandum and Articles and of certain aspects of Cayman company law.

The Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 28 September 2004 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 26 September 2005 and amended 23 May 2006. The following is a summary of certain provisions of the Articles:

(a) **Directors**

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed by the board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing board), and shall then be eligible for re-election at the general meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) **Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) **Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) **Voting rights (generally and on a poll) and right to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Articles) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting or (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the Designated Stock Exchange (as defined in the Articles), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) **Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditor's report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditor shall be appointed and the terms and tenure of such appointment and its duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) **Notices of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in paragraph (e) above) be called by at least twenty-one (21) clear days' notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditor;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditor and other officers;

(ee) the fixing of the remuneration of the directors and of the auditor;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) **Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) **Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) **Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) **Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) **Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) **Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) **Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated under the laws of the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arms'-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) **Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 12 October 2004.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) **Winding up**

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) **Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the sub-section headed "Documents available for inspection" in Appendix IX to this circular. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. RESPONSIBILITY STATEMENTS

This circular includes particulars given in compliance with the Takeovers Code and the Listing Rules for the purpose of giving information with regard to the Restructured Group. The Directors jointly and severally 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading. In respect of the information contained in the section headed "Industry Overview" of this circular, the Directors only take responsibility for, and confirm, the correctness and fairness of the reproduction, presentation and representation of such information from the sources referred to therein.

The directors of CIMC jointly and severally accept full responsibility for the accuracy of the information contained in this circular, other than that in relation to the Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement contained in this circular, other than those relating to the Group, misleading. In respect of the information contained in the section headed "Industry Overview" of this circular, the directors of the CIMC only take responsibility for, and confirm, the correctness and fairness of the reproduction, presentation and representation of such information from the sources referred to therein.

2. FURTHER INFORMATION ABOUT THE RESTRUCTURED GROUP

(I) Incorporation

The Company was incorporated under the laws of the Cayman Islands under the name of Enric Energy Equipment Holdings Limited as an exempted company with limited liability on 28 September 2004. By written resolutions of the then sole shareholder of the Company dated 10 December 2004, the Company changed its name to Enric Energy Equipment Investment Limited, which name was subsequently changed to Enric Energy Equipment Holdings Limited 安瑞科能源裝備控股有限公司 on the same date. The Company has established a place of business in Hong Kong at Room 3104, 31st Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong and was registered on 25 October 2004 as an overseas company in Hong Kong under Part XI of the Companies Ordinance, with Mr. Cheong Siu Fai of Flat F, 21st Floor, Block 1, Sunshine Grove, Tak Yi Street, Shatin, New Territories, Hong Kong appointed as the agent of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company was incorporated under the laws of the Cayman Islands, it operates subject to the Companies Law and its constitution which comprises the Memorandum and Articles. A summary of certain relevant parts of the Company's constitution and relevant aspects of the Companies Law is set out in Appendix VII to this circular.

(II) Changes in the share capital of the Group

(a) *The Company*

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	No. of Ordinary Shares	HK$
	('000)	('000)
Authorised:		
As at the Latest Practicable Date	10,000,000	100,000
Issued share capital:		
As at 3 June 2007	445,200	4,452
As at the Latest Practicable Date	459,000	4,590

Shares

The issued Ordinary Shares rank pari passu with each other and entitle their holders to vote at general meetings of the Company and to receive dividend and capital distributions.

Other than a total of 398,452,201 New Ordinary Shares and 1,015,641,321 New Convertible Preference Shares agreed to be issued under the Acquisition Agreements upon completion of the Proposed Transactions, or Ordinary Shares to be issued upon full conversion of the New Convertible Preference Shares, or the Ordinary Shares to be issued pursuant to the exercise of any options which have been granted under the Share Option Scheme, or pursuant to the exercise of power under the general mandate to issue shares, the Company has no present intention to issue any part of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders in a general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Except as disclosed herein, there has been no alteration in the share capital of the Company since the date of its incorporation.

Share Options

Other than a total of 1,015,641,321 New Convertible Preference Shares agreed to be issued under the Acquisition Agreements on completion of the Proposed Transactions, there were no outstanding warrants or any conversion rights affecting the Ordinary Shares as at the Latest Practicable Date.

Between 31 December 2008 (being the date to which the latest audit financial statements of the Company were made up) and the Latest Practicable Date, other than disclosed above or in the sub-section headed "Share Option Scheme" in this Appendix or as contemplated under the Proposed Transactions, no shares or loan capital of the Company had been issued or was proposed to be issued for cash or otherwise, or had been put under option or agreed conditionally or unconditionally to be put under option, and no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any such capital and no options, warrants, derivatives, convertible securities or conversion rights affecting the Ordinary Shares had been issued or granted or agreed conditionally or unconditionally to be issued or granted.

As at the Latest Practicable Date, other than disclosed above and the transactions contemplated under the Proposed Transactions as disclosed in this circular, no share nor loan capital of the Company had been issued or was proposed to be issued for cash or otherwise, or had been put under option or agreed conditionally or unconditionally to be put under option, and no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any such capital and no options, warrants, derivatives, convertible securities or conversion rights affecting the Ordinary Shares had been issued or granted or agreed conditionally or unconditionally to be issued or granted.

(b) *Enric Compressor*

	HK$
	('000)
Registered capital:	
As at 3 June 2007	21,320
As at 3 December 2007	60,808
As at the Latest Practicable Date	60,808

(c) *Enric Gas Equipment*

	US$
	('000)
Registered capital:	
As at 3 June 2007	7,000
As at the Latest Practicable Date	7,000

(d) *Enric Integration*

	HK$ ('000)
Registered capital:	
As at 3 June 2007	50,000
As at the Latest Practicable Date	50,000

(e) *Enric Beijing*

	HK$ ('000)
Registered capital:	
As at 3 June 2007	40,000
As at the Latest Practicable Date	40,000

(III) Changes in the Share Capital of the Target Group

(a) *Target Co China*

	US$
Issued share capital:	
As at 30 January 2008	1
As at 1 September 2008	10,000
As at the Latest Practicable Date	10,000

(b) *Manner Kind*

	US$
Issued share capital:	
As at 31 January 2008	1
As at the Latest Practicable Date	1

(c) *Win Score*

	HK$
Issued share capital:	
As at 29 January 2008	1
As at the Latest Practicable Date	1

(d) *Nantong CIMC*

	US$ ('000)
Registered capital:	
As at 3 June 2007	15,000
As at 12 November 2007	25,000
As at the Latest Practicable Date	25,000

(e) *Perfect Vision*

	US$
Issued share capital:	
As at 31 January 2008	1
As at the Latest Practicable Date	1

(f) *Charm Ray*

	HK$
Issued share capital:	
As at 28 January 2008	1
As at the Latest Practicable Date	1

(g) *Zhangjiagang CIMC*

	RMB ('000)
Registered capital:	
As at 3 June 2007	144,862
As at the Latest Practicable Date	144,862

(h) *Target Co Europe*

	US$
Issued share capital:	
As at 2 September 2008	100
As at the Latest Practicable Date	100

(i) *Coöperatie Vela Holding*

	EURO
Issued share capital:	
As at 29 August 2007	18,000
As at the Latest Practicable Date	18,000

(j) *Vela Holding*

	EURO
Issued share capital:	
As at 3 September 2007	18,000
As at the Latest Practicable Date	18,000

(k) *Holvrieka Holding*

	EURO
Issued share capital:	
As at 3 June 2007	6,038,200
As at the Latest Practicable Date	6,038,200

(l) *Holvrieka N.V.*

	EURO
Registered share capital:	
As at 3 June 2007	991,574.10
As at the Latest Practicable Date	991,574.10

(m) *Holvrieka Danmark*

	DKK
Registered share capital:	
As at 3 June 2007	1,000,001
As at the Latest Practicable Date	1,000,001

(n) *Holvrieka Ido*

	EURO
Issued share capital:	
As at 3 June 2007	136,200
As at the Latest Practicable Date	136,200

(o) *Holvrieka Nirota*

	EURO
Issued share capital:	
As at 3 June 2007	227,500
As at the Latest Practicable Date	227,500

(p) *Noordkoel*

	EURO
Issued share capital:	
As at 3 June 2007	100,000
As at the Latest Practicable Date	100,000

(III) Repurchase by the Company of Ordinary Shares

On 25 May 2009, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own shares. The Company would be allowed under the resolution approving the repurchase mandate to repurchase a maximum of 45,900,000 Ordinary Shares representing not more than 10% of the issued share capital of the Company as at 25 May 2009.

However, the Directors do not propose to exercise the repurchase 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 position which in the opinion of the Directors are from time to time appropriate for the Company.

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

(a) *Regulations of the Listing Rules*

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are set out below:

(i) Shareholders' approval

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

Note: Pursuant to the resolution passed by Shareholders on 25 May 2009, a general mandate to repurchase issued Ordinary Shares was granted to the Directors authorising them to exercise all powers of the Company to repurchase on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution, which is 25 May 2009. The repurchase mandate will be expired at 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 or any applicable laws to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the authority given to the Directors by the relevant resolution.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time.

(b) *Reasons for repurchases*

Repurchases of issued Ordinary Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. 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 issued Ordinary Share.

(c) *Funding of repurchases*

In repurchasing issued Ordinary Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Main Board of the Stock Exchange 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.

(d) *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 the audited financial statements contained in the 2008 annual report of the Company) in the event that the repurchase mandate is exercised in full. However, the Directors do not propose to exercise the repurchase 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 position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum and Articles and the applicable laws of the Cayman Islands.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective Associates, have any present intention, in the event that the repurchase mandate is approved by Shareholders, to sell any of the issued Ordinary Share to the Company.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any of the issued Ordinary Share to the Company or has undertaken not to do so, in the event that the Company is authorised to make a purchase of Shares.

If as a result of a repurchase of Ordinary 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 Takeovers 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 Takeovers Code.

As at the Latest Practicable Date, Charm Wise was beneficially interested in an aggregate of 190,703,000 Ordinary Shares, representing approximately 41.55% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Ordinary Shares under the repurchase mandate, the aggregate shareholdings of Charm Wise would be increased to approximately 46.16% of the issued share capital of the Company. Then, Charm Wise could be required under Rule 26 of the Takeovers Code to make a mandatory offer in respect of all the issued shares of the Company by reason of such increase. Other than that, the Directors are not aware of any consequence which may arise under the Takeovers Code as a consequence of any repurchases made under the repurchase mandate. The Directors have no intention to exercise the repurchase mandate which may result in a possible mandatory offer being made under the Takeovers Code. The Company may not repurchase issued Ordinary Shares which would result in the amount of issued Ordinary Shares held by the public being reduced to less than 25%.

(IV) Intellectual property rights of the Group

Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks:

Name of registered owner	Trademark	Class	Registration number and place	Valid period
Enric Compressor		7 (air compressors (空氣壓縮機) only) *(Note 3)*	149460 (PRC)	1 March 2003 - 28 February 2013
The Company	Enric	6, 7 *(Note 2 and 3)*	300495694 (HK)	15 September 2005 - 14 September 2015
Enric Compressor	Enric 安瑞科	7 *(Note 3)*	3121213 (PRC)	21 April 2004 - 20 April 2014
Enric Compressor	Enric	7 *(Note 3)*	3121214 (PRC)	21 April 2004 - 20 April 2014
Enric Compressor	安瑞科	7 *(Note 3)*	3121215 (PRC)	21 September 2003 - 20 September 2013
Enric Gas Equipment	安瑞科	6 *(Note 2)*	3121216 (PRC)	14 June 2003 - 13 June 2013
Enric Gas Equipment	Enric	6 *(Note 2)*	3121217 (PRC)	14 June 2003 - 13 June 2013
Enric Gas Equipment	Enric 安瑞科	6 *(Note 2)*	3121218 (PRC)	14 June 2003 - 13 June 2013

Name of registered owner	Trademark	Class	Registration number and place	Valid period
Enric Integration	Enric	30 *(Note 8)*	4596906 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	安瑞科	30 *(Note 8)*	4596891 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	29 *(Note 7)*	4596878 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	安瑞科	29 *(Note 7)*	4596892 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	30 *(Note 8)*	4596879 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric	34 *(Note 12)*	4596919 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric	33 *(Note 11)*	4596921 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric	32 *(Note 10)*	4596922 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric	31 *(Note 9)*	4596923 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	32 *(Note 10)*	4596939 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	33 *(Note 11)*	4596940 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	34 *(Note 12)*	45969941 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	31 *(Note 9)*	4596957 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	2 *(Note 1)*	4596964 (PRC)	21 August 2008 - 20 August 2018
Enric Integration	安瑞科	34 *(Note 12)*	4596973 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	安瑞科	33 *(Note 11)*	4596974 (PRC)	7 December 2007 - 6 December 2017

Name of registered owner	Trademark	Class	Registration number and place	Valid period
Enric Integration	安瑞科	32 *(Note 10)*	4596975 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	安瑞科	31 *(Note 9)*	4596976 (PRC)	7 December 2007 - 6 December 2017
Enric Integration	Enric 安瑞科	13 *(Note 6)*	4596948 (PRC)	28 January 2008 - 27 January 2018
Enric Integration	Enric 安瑞科	13 *(Note 6)*	4596984 (PRC)	28 January 2008 - 27 January 2018
Enric Integration	Enric	13 *(Note 6)*	4596933 (PRC)	14 December 2007 - 13 December 2017
Enric Integration	Enric	29 *(Note 7)*	4596907 (PRC)	14 February 2008 - 13 February 2018

It is proposed that the Trademark Licence Agreement be entered into between CIMC and the Company, pursuant to which CIMC will grant to the Restructured Group a non-exclusive right to use the following trademarks.

Name of registered owner	Trademark	Class	Registration number and place of registration	Valid period
CIMC	CIMC 中集	12 *(Note 5)*	4540065 (PRC)	14 December 2007 - 13 December 2017
CIMC	CIMC	N/A	005055496 (European Union)	N/A
CIMC	CIMC	6	810400 (Australia)	14 October 1999 - 13 October 2009
CIMC	CIMC	12	2,778,432 (US)	N/A
CIMC	CIMC 中集	6 *(Note 2)*	4278586 (PRC)	21 January 2009 - 20 January 2019

As at the Latest Practicable Date, the Target Group had registered the following trademarks:

Name of registered owner	Trademark	Class	Registration number and place of registration	Valid period
Zhangjiagang CIMC	圣达因	12 *(Note 5)*	3435980 (PRC)	21 August 2004 - 20 August 2014
Zhangjiagang CIMC	sanctum	11 *(Note 4)*	3120933 (PRC)	21 August 2003 - 20 August 2013
Zhangjiagang CIMC	sanctum	6 *(Note 2)*	3120934 (PRC)	14 June 2003 - 13 June 2013
Zhangjiagang CIMC	sanctum	12 *(Note 5)*	3120935 (PRC)	21 March 2003 - 20 March 2013
Zhangjiagang CIMC	sanctum	12 *(Note 5)*	4910680 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣 达 因	12 *(Note 5)*	4910681 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣达因 sanctum	12 *(Note 5)*	4910682 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣达因	12 *(Note 5)*	4910684 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	sanctum	11 *(Note 4)*	4910685 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣 达 因	11 *(Note 4)*	4910670 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣达因 sanctum	11 *(Note 4)*	4910671 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣达因	11 *(Note 4)*	4910673 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	sanctum	6 *(Note 2)*	4910674 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC	圣 达 因	6 *(Note 2)*	4910675 (PRC)	7 September 2008 - 6 September 2018

Name of registered owner	Trademark	Class	Registration number and place of registration	Valid period
Zhangjiagang CIMC	圣达因 sanctum	6 *(Note 2)*	4910676 (PRC)	7 September 2008 - 6 September 2018
Zhangjiagang CIMC		6 *(Note 2)*	4910677 (PRC)	21 September 2008 - 20 September 2018
Zhangjiagang CIMC	圣达因	6 *(Note 2)*	4910678 (PRC)	7 September 2008 - 6 September 2018

Under the laws of Denmark, trademarks of a Dutch company are protected equally whether registered or not, and a company shall not be restricted from continue using its trademarks, although unregistered, provided that such trademarks do not infringe the trademark rights established (via use or registration) prior to the commencement of use of the unregistered trademarks in question by the company.

As at the Latest Practicable Date, the Target Group had applied for registration of the following trademarks:

Name of applicant	Trademark	Class	Application number and place of registration	Application date
Zhangjiagang CIMC		12 *(Note 5)*	4910683 (PRC)	23 September 2005
Zhangjiagang CIMC		11 *(Note 4)*	4910672 (PRC)	23 September 2005

Patents

As at the Latest Practicable Date, the Group had registered the following patents:

Name of registered owner	Patent	Patent number and place of registration	Valid period
Enric Gas Equipment	Self-inflated CNG transportation vehicle 自充氣壓縮天然氣運輸車	ZL 200620127364.7 (PRC)	15 August 2006 - 14 August 2016

Name of registered owner	Patent	Patent number and place of registration	Valid period
Enric Gas Equipment	Cryogenic liquid semi-trailer 低溫液體運輸半掛車	ZL 200620127365.1 (PRC)	15 August 2006 - 14 August 2016
Enric Gas Equipment	Bundled large capacity pressure cylinder fixing device 捆綁式大容積高壓氣瓶運輸車拴固裝置	ZL 200520024769.3 (PRC)	30 August 2005 - 29 August 2015
Enric Gas Equipment	Bundled large capacity pressure cylinder transportation vehicle 捆綁式大容積高壓氣瓶運輸車	ZL 200520024768.9 (PRC)	30 August 2005 - 29 August 2015
Enric Gas Equipment	Metal accessory kit bundled large capacity pressure cylinder transportation vehicle 捆綁式大容積高壓氣瓶運輸車剛性附件箱	ZL 200520024761.7 (PRC)	30 August 2005 - 29 August 2015
Enric Gas Equipment	Large capacity high-pressure cylinders with steel living and its preparation method 鋼內膽大容積高壓纏繞氣瓶及其製作方法	ZL 200610048148.8 (PRC)	15 August 2006 - 14 August 2016
Enric Compressor	Double disc cooler雙盤管式冷卻器	ZL 200520126866.3 (PRC)	31 December 2005 - 30 December 2015
Enric Compressor	Oil flow sensor with sliding valve 滑閥式油量脈沖傳感器	ZL 200520126867.8 (PRC)	31 December 2005 - 30 December 2015
Enric Compressor	Internal air-cooling gas compressor 內冷式風冷氣體壓縮機	ZL 200520126868.2 (PRC)	31 December 2005 - 30 December 2015
Enric Compressor	Composite seamless pressure air-cooling cooler 組合式高壓風冷冷卻器	ZL 200520126869.7 (PRC)	31 December 2005 - 30 December 2015
Enric Compressor	Pressure stabilising valve 壓力保持閥	ZL 200620161951.8 (PRC)	25 December 2006 - 24 December 2016
Enric Compressor	H-type sliding air-compressor H型滑塊式空氣壓縮機	ZL 200620087590.7 (PRC)	3 August 2006 - 2 August 2016
Enric Integration	Hydraulic natural gas vehicles daughter refuelling system 液壓式天然氣汽車加氣子站系統	ZL 200520133308.X (PRC)	18 November 2005 - 17 November 2015

Name of registered owner	Patent	Patent number and place of registration	Valid period
Enric Integration	LCNG vehicle refuelling sub-station system 液壓式天然氣汽車加氣子站系統	ZL 200620128511.2 (PRC)	25 December 2006 - 24 December 2016
Enric Integration	Refuelling device 加氣機	ZL 200820079954.6	15 April 2008 - 14 April 2018

As at the Latest Practicable Date, Enric Integration had been granted the exclusive rights to apply the technologies of the following patents of Neogas Inc., a US company which develops and markets technologies to transport and deliver CNG, pursuant to a transfer of technology agreement dated 1 January 2006 entered into among Neogas Inc., Xinao Group Shijiazhuang Chemical Equipment Company Limited and Enric Integration. Neogas Inc. has been granted patent of the relevant technologies in the US and in the PRC respectively. The patent registered in the PRC to be licensed under the agreement was ruled to be invalid by the Court of First Instance of Beijing City (北京市第一級人民法院) in a civil suit.

Name of registered owner	Patent	Patent number and place of registration	Valid period
Neogas Inc.	CNG distribution system 壓縮天然氣分配系統	ZL 02803740.5 (PRC)	15 March 2002 - 14 March 2022
		US 6,439,278 B1 (US)	16 March 2001 - 15 March 2021

As at the Latest Practicable Date, the Group had applied for registration of the following patents:

Name of applicant	Patent	Application number and place of registration	Application date
Enric Compressor	H-type sliding air-compressor H型滑塊式空氣壓縮機	200610069790.4 (PRC)	3 August 2006
Enric Integration	Combined natural gas distribution system for CNG and LNG refuelling of natural gas vehicles 為天然氣汽車加注CNG和LNG的組合天然氣分配系統	200620176055.9 (PRC)	30 December 2006
Enric Integration	LCNG portable gas station system LCNG移動式加氣站系統	200720309107X (PRC)	27 December 2007

Name of applicant	Patent	Application number and place of registration	Application date
Enric Integration	LCNG mobile refuelling sub-station system for natural gas vehicles LCNG移動液壓式天然氣汽車加氣子站系統	200720309106.5 (PRC)	27 December 2007
Enric Integration	Combined natural gas distribution system for CNG and LNG refuelling of natural gas vehicles 為天然氣汽車加注CNG和LNG的組合天然氣分配系統	200820076976.7 (PRC)	11 April 2008
Enric Integration	LCNG refuelling sub-station system 液壓式天然氣汽車加氣子站系統	200720199714.5 (PRC)	24 November 2007
Enric Integration	A kind of long tube trailer 一種長管拖車	200820108414.6 (PRC)	30 May 2008
Enric Integration	A kind of tank container 一種集裝箱	200810104202.5 (PRC)	16 April 2008
Enric Integration	Mobile CNG refuelling device 可移動式壓縮天然氣加氣裝置	200810057412.3 (PRC)	1 February 2008
Enric Integration	Gas source unit, and refuelling system and refuelling control method with such gas source unit 氣源單元、具有其的加氣系统及加氣控制方法	200810115315.7 (PRC)	17 June 2008
Enric Gas Equipment	Dimethyl ether skid-mounted refuelling device 二甲醚撬裝加氣裝置	200720138399.5 (PRC)	28 December 2007
Enric Gas Equipment	Low temperature insulated gas cylinder 低溫絕熱氣瓶	200720138400.4 (PRC)	28 December 2007
Enric Gas Equipment	A preparation method for ultra-high-voltage hydrogen cylinder 一種超高壓氫氣瓶的製作方法	200710185660.1 (PRC)	28 December 2007

Name of applicant	Patent	Application number and place of registration	Application date
Beijing Enric	Mixed refrigerant air-liquefying workmanship and mixed refrigerant 混合製冷劑氣體液化工藝及混合製冷劑	200810115133.8 (PRC)	17 June 2008

As at the Latest Practicable Date, the Target Group had registered the following patents:

Name of registered owner	Patent	Patent number and place of registration	Valid period
Zhangjiagang CIMC	LCNG cylinder for vehicles 車載液化天然氣瓶	ZL 01 2 72604.4 (PRC)	29 November 2001 - 28 November 2011
Zhangjiagang CIMC	Temperature preservating container 保溫罐式集裝箱	ZL 02 3 16976.1 (PRC)	17 January 2002 - 16 January 2012
Zhangjiagang CIMC	Temperature preservating containers 保溫罐式集裝箱	ZL 01 2 72605.2 (PRC)	29 November 2001 - 28 November 2011
CIMC Vehicle Group, Zhangjiagang CIMC	LNG transportation vehicle 液化天然氣運輸車	ZL 2005 2 0058565.1 (PRC)	16 May 2005 - 15 May 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Stationary storage cylinder for low temperature liquid 盛裝低溫液體的固定式貯罐	ZL 2005 2 0061229.2 (PRC)	5 July 2005 - 4 July 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Cryogenic liquid semi-trailer 低溫液體運輸半掛車	ZL 2005 2 0058566.6 (PRC)	16 May 2005 - 15 May 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Anti-slip device for vehicle 機動車防溜車裝置	ZL 2005 2 0129289.3 (PRC)	14 October 2005 - 13 October 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Supporting structure for cylinder 罐體的支撐結構	ZL 2005 2 0135825.0 (PRC)	9 November 2005 - 8 November 2015

Name of registered owner	Patent	Patent number and place of registration	Valid period
CIMC Vehicle Group, Zhangjiagang CIMC	Manholes for pressure container 壓力容器用工藝人孔	ZL 2005 2 0105760.5 (PRC)	10 November 2005 - 9 November 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Cylindrical container 罐式集裝箱	ZL 2005 2 0105761.X (PRC)	10 November 2005 - 9 November 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Emergency shut-up system of cylindrical container 罐式集裝箱的緊急切斷系統	ZL 2006 2 0003373.5 (PRC)	16 January 2006 - 15 January 2016
CIMC Vehicle Group, Zhangjiagang CIMC	Cylindrical semi-trailer 罐式半掛車	ZL 2005 2 0105770.9 (PRC)	9 November 2005 - 8 November 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Cylindrical semi-trailer 罐式半掛車	ZL 2005 2 0132122.2 (PRC)	25 November 2005 - 24 November 2015
CIMC Vehicle Group, Zhangjiagang CIMC	LCNG refuelling equipment 液化天然氣加氣機	ZL 2006 2 0022899.8 (PRC)	21 April 2006 - 20 April 2016
CIMC Vehicle Group, Zhangjiagang CIMC	Trough vehicle with digital electronic monitoring device 數字式電子監測裝置的槽車	ZL 2006 2 0013598.9 (PRC)	19 April 2006 - 18 April 2016
CIMC Vehicle Group, Zhangjiagang CIMC	Pressure cylinder vehicle 壓力罐車	ZL 2005 2 0132121.8 (PRC)	25 November 2005 - 24 November 2015
CIMC Vehicle Group, Zhangjiagang CIMC	Supporting structure 支撐結構	ZL 2005 2 0105755.4 (PRC)	11 November 2005 - 10 November 2015
CIMC Vehicle Group and Zhangjiagang CIMC	Stationary storage cylinder for cryogenic liquid 盛裝低溫液體的固定式儲罐	ZL 2005 2 0061229.2 (PRC)	5 July 2005 - 4 July 2015
CIMC Vehicle Group and Zhangjiagang CIMC	Internal supporting structure for low temperature insulated gas cylinder 低溫絕熱氣瓶的內膽支撐結構	ZL 2005 2 0105771.3 (PRC)	9 November 2005 - 8 November 2015

Name of registered owner	Patent	Patent number and place of registration	Valid period
CIMC, 浙江大學 (Zhe Jiang University) and Zhangjiagang CIMC	Container strain strengthening system 容器應變強化系統	ZL 2007 2 0169751 1 (PRC)	17 July 2007 - 16 July 2017
Nantong CIMC and CIMC	Cylindrical gas container 氣體罐式集裝箱	ZL 2005 2 0063083.5 (PRC)	11 August 2005 - 10 August 2015
Nantong CIMC and CIMC	Cryogenic LPG tank 深冷液化氣體罐箱	ZL 2005 30021765.5	27 May 2005 - 26 May 2015

As at the Latest Practicable Date, the Target Group had applied for registration of the following patents:

Name of applicant	Patent	Application number and place of registration	Application date
CIMC, 浙江大學 (Zhe Jiang University) and Zhangjiagang CIMC	Container strain strengthening system and austenitic stainless steel low temperature container produced by such system 容器應變強化系統及其所生產的奧氏體不鏽鋼低溫容器	200710119161.2 (PRC)	17 July 2007
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	Vertical storage trough 立式儲槽	200710181419.1 (PRC)	25 October 2007
CIMC Vehicle Group, Zhangjiagang CIMC	Anti-slip device for vehicles 機動車防溜車裝置	200510113760.4 (PRC)	14 October 2005
CIMC Vehicle Group, Zhangjiagang CIMC	Supporting structures 支撐結構	200510120398.3 (PRC)	11 November 2005
CIMC Vehicle Group, Zhangjiagang CIMC	Internal supporting structure for low temperature insulated gas cylinder 低溫絕熱氣瓶的內膽支撐結構	200510120264.1 (PRC)	9 November 2005

Name of applicant	Patent	Application number and place of registration	Application date
CIMC Vehicle Group, Zhangjiagang CIMC	Vacuum sucking method and device 抽真空方法及其裝置	200610009214.0 (PRC)	14 February 2006
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	LNG pressure regulation system and mehtod 液化天然氣調壓系統及其調壓方法	200610011770.1 (PRC)	21 April 2006
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	LNG pressure regulating system and its adjusting method 一種LNG調壓系統及其調壓方法	200610011771.6 (PRC)	21 April 2006
CIMC, CIMC Vehicle Group and Zhangjiagang CIMC	Trough vehicle with digital electronic monitoring device 具有數字式電子監測裝置的槽車	200610060351.7 (PRC)	19 April 2006
Nantong CIMC and CIMC	Protection kit and cylindrical container with such protection kit 保護盒及具有該保護盒的罐式集裝箱	200710120378.5 (PRC)	16 August 2007
Nantong CIMC and CIMC	Protection kit and cylindrical container with such protection kit 保護盒及具有該保護盒的罐式集裝箱	200720170272.1 (PRC)	17 August 2007
Nantong CIMC and CIMC	Large capacity cylindrical containers 大容積罐式集裝箱	200710120005.8 (PRC)	6 August 2007
Nantong CIMC and CIMC	Large capacity cylindrical containers 大容積罐式集裝箱	200720170088.7 (PRC)	7 August 2007
Nantong CIMC and CIMC	Thermometer and cylindrical container with such thermometer 溫度計及具有該溫度計的罐式集裝箱	200710119410.8 (PRC)	23 July 2007

Name of applicant	Patent	Application number and place of registration	Application date
Nantong CIMC and CIMC	Thermometer and cylindrical container with such thermometer 溫度計及具有該溫度計的罐式集裝箱	200720169867.5 (PRC)	24 July 2007
Nantong CIMC and CIMC	Document kit and cylindrical container with such document kit 文件盒及設置有該文件盒的罐式集裝箱	200710120004.3 (PRC)	6 August 2007
Nantong CIMC and CIMC	Cylindrical container and its overflowing kit 罐式集裝箱及其溢流盒	200710120380.2 (PRC)	16 August 2007
Nantong CIMC and CIMC	Cylindrical container and its overflowing kit 罐式集裝箱及其溢流盒	200720170271.7 (PRC)	17 August 2007
Nantong CIMC and CIMC	Temperature preservating container 保溫罐式集裝箱	200710175479.2 (PRC)	29 September 2007
Nantong CIMC and CIMC	Temperature preservating container 保溫罐式集裝箱	200720173493.4 (PRC)	29 September 2007
Nantong CIMC, CIMC and 南通中集特種運輸設備製造有限公司 (Nantong CIMC Special Transportation Equipment Manufacturing Co., Ltd.)	Cylindrical container with electronic monitoring device 帶有電子監測裝置的罐式集裝箱	200510011939.9 (PRC)	15 June 2005

Domain name

As at the Latest Practicable Date, the Group had registered the following domain names in the PRC:

Name of registered owner	Domain Name
Enric Integration	enricgroup.com
Enric Integration	enricgroup.com.cn

As at the Latest Practicable Date, the Target Group had registered the following domain names:

Name of registered owner	Domain Name
Zhangjiagang CIMC	www.sdy-cn.com
Holvrieka Danmark	www.holvrieka.dk
Holvrieka Danmark	www.holvrieka.cn
Burg Industries	www.holvrieka.nl
Burg Industries	www.holvrieka.com
Holvrieka Nirota	www.holvrieka-nirota.nl
Holvrieka Ido	www.holvrieka-ido.nl
Holvrieka N.V.	www.holvrieka.be

Except as disclosed above, there are no other trademarks, patents, domain names or other intellectual property rights which are material in relation to the business of the Group and the Target Group.

As advised by the Company's PRC legal advisers, there will be no difficulties in obtaining the class of trademarks and patents that have been pending PRC government approval for more than three years.

Notes:

1. The relevant subject goods under this class include paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants; mordants; raw natural resins; metals in foil and powder form for painters, decorators, printers and artists.

2. The relevant subject goods under this class include common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores.

3. The relevant subject goods under this class include machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than those that are hand-operated; incubators for eggs.

4. The relevant subject goods under this class include apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.

5. The relevant subject goods under this class include vehicles; apparatus for locomotion by land, air or water.

6. The relevant subject goods under this class include firearms; ammunition and projectiles, explosives; fireworks.

7. The relevant subject goods under this class include meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams and compotes; eggs, milk and milk products; edible oils and fats.

8. The relevant subject goods under this class include coffee, tea, cocoa, sugar, rice, tapioca, sago and artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery and ices; honey and treacle; yeast and baking-powder; salt and mustard; vinegar and sauces (condiments); spices; ice.

9. The relevant subject goods under this class include agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals; malt.

10. The relevant subject goods under this class include beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

11. The relevant subject goods under this class include alcoholic beverages (except beers).

12. The relevant subject goods under this class include tobacco; smokers' articles; matches.

3. FURTHER INFORMATION RELATING TO THE COMPANY AND THE WHITEWASH WAIVER

(I) The Company

As at the Latest Practicable Date:

(a) the Company did not have any interests in any securities, shares, options, warrants, derivatives or convertible securities of the CIMC Concert Party Group;

(b) except disclosed in section 6 of this Appendix, none of the Directors had any interests in the securities, shares, options, warrants, derivatives or convertible securities of the Company or of the CIMC Concert Party Group;

(c) none of the subsidiaries of the Company, nor pension funds of the Company or of a subsidiary of the Company nor advisers to the Company as specified in class (2) of the definition of "associate" in the Takeovers Code but excluding persons enjoying exempt principal trader status under the Takeovers Code, owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company;

(d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to shares or other securities of the Company which may be an inducement to deal or refrain from dealing) with the Company, or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code;

(e) there were no shareholdings in the Company which were managed on a discretionary basis by fund managers (other than fund managers enjoying exempt fund manager status) connected with the Company;

(f) except as disclosed in section 6 of this Appendix, none of the Directors hold any Ordinary Shares. Mr. Jin Yongsheng has undertaken to abstain from voting at the EGM, and Mr. Zhao Qinsheng as a member of the CIMC Concert Party Group is required to abstain from voting at the EGM; and

(g) none of the Directors or the Company had borrowed or lent any shares, warrants, options, convertible securities or derivatives of the Company and the members of the CIMC Concert Party Group.

(II) Joint Sponsors

The Joint Sponsors have jointly made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the New Ordinary Shares and the underlying Ordinary Shares to be issued pursuant to the Proposed Transactions. For the purpose of the deemed new listing application of the Company, Deutsche Bank is considered as an independent sponsor pursuant to Rule 3A.10 of the Listing Rules and China Merchants is not considered as an independent sponsor pursuant to Rule 3A.10 of the Listing Rules as elaborated under the paragraph "Negative Statements" in the sub-section "Further Information Relating to the CIMC Concert Party Group and the Whitewash Waiver" in this Appendix.

As at the Latest Practicable Date:

(a) neither the Joint Sponsors, nor any persons controlling, controlled by or under the same control as either of them owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company;

(b) neither the Joint Sponsors, nor any persons controlling, controlled by or under the same control as either of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to shares or other securities in the Company which may be an inducement to deal or refrain from dealing) with any persons; and

(c) save as disclosed below, there was no agreement, arrangement or understanding between either of the Joint Sponsors or persons controlling, controlled by or under the same control as either of the Joint Sponsors on the one part and any of the Directors or Shareholders on the other part, which was conditional on the outcome of or otherwise connected with or dependent upon the Acquisition Agreements, the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares or the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares, or the Whitewash Waiver. In the event that CIMC wishes to place its shares in the Company within

24 months after completion of the Proposed Transactions, it has been agreed that Deutsche Bank and China Merchants will be engaged as the placing agents in relation to such placement, subject to definitive placing agreements being entered into between the parties.

(III) Others

As at the Latest Practicable Date, none of Somerley, or any person controlling, controlled by or under the same control as Somerley, any bank, financial and professional advisers to the Company in relation to the Acquisition Agreements and the Whitewash Waiver and any person controlling, controlled by or under the same control as such banks, financial and professional advisers, owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company.

(IV) Dealings in securities

Except as disclosed in section 4 in this Appendix, none of the Directors or the Company had dealt in any securities, shares, options, warrants, derivatives or convertible securities of CIMC or the CIMC Concert Party Group or any of their subsidiaries during the period between 11 March 2008, being six months prior to the date of the Announcement, and up to and including the Latest Practicable Date.

Except as disclosed in section 4 in this Appendix, none of the Directors had dealt in any Ordinary Shares or other securities, options, warrants, derivatives or convertible securities of the Company during the period between 11 March 2008, being six months prior to the date of the Announcement, and up to and including the Latest Practicable Date.

4. FURTHER INFORMATION RELATING TO THE CIMC CONCERT PARTY GROUP AND THE WHITEWASH WAIVER

Principal members of the CIMC Concert Party Group

Set out below are details of CIMC and the principal members of the CIMC Concert Party Group, and their respective directors:

	Address	Directors
CIMC	CIMC R&D Center, 2 Gangwon Avenue, Shekou, Nanshan District, Shenzhen, PRC	FU Yuning LI Jianhong MAI Boliang WANG Hong XU Minjie QIN Rongsheng JIN Qingjun XU Jingan

	Address	Directors
CIMC HK	Units 3101-3102, Vicwood Plaza, No. 199 Des Voeux Road Central, Hong Kong	ZHAO Qingsheng JIN Jianlong
CIMC Vehicle	Trident Chambers, P.O. Box 146, Road Town, Tortola, the British Virgin Islands	MAI Boliang ZHAO Qingsheng ZENG Beihua
Charm Wise	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the British Virgin Islands	MAI Boliang ZHAO Qingsheng ZHOU Mi
PGM *(Note)*	Pauluskerkplein 36, 5622 PM Eindhoven, the Netherlands	MORITZ W.P.J.

Note: The ultimate controlling shareholder of PGM is Mr. Peter van der Burg, who beneficially owns 99.50% of its issued share capital.

Negative statements

As at the Latest Practicable Date:

(i) except disclosed in section 6 of this Appendix, none of the CIMC Concert Party Group nor any person acting in concert with them (including respective directors) owned or controlled any shares or convertible securities, warrants, options or derivatives of the Company;

(ii) except as disclosed below, none of the subsidiaries of the Company, nor pension funds of the Company or of a subsidiary of the Company nor advisers to the Company as specified in class (2) of the definition of "associate" in the Takeovers Code but excluding persons enjoying exempt principal trader status under the Takeovers Code, owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the CIMC Concert Party Group:

(a) Deutsche Bank AG holds a total of 1,110,720 shares in CIMC (equivalent to approximately 0.04% of the entire share capital of CIMC);

(b) China Merchants (CIMC) Investment Limited, an Associate of China Merchants, holds a total of 445,694,175 shares in CIMC (equivalent to approximately 16.74% of the entire issued share capital of CIMC) of which 13,517,331 shares are held through a custodian account of China Merchants;

(c) China Merchants (CIMC) Holdings Limited, an Associate of China Merchants, holds a total of 180,151,058 shares in CIMC (equivalent to approximately 6.77% of the entire issued share capital of CIMC) of which 6,507,922 shares are held through a custodian account of China Merchants; and

(d) Bestrain Investment Limited, a wholly-owned subsidiary of China Merchants Holdings (International) Company Limited, an Associate of China Merchants, holds 34,881,117 shares of CIMC (equivalent to approximately 1.31% of the entire issued share capital of CIMC) through a custodian account of China Merchants.

(iii) none of the members of the CIMC Concert Party Group or any person acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to shares or other securities of the Company which may be an inducement to deal or refrain from dealing) with any person;

(iv) there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the CIMC Concert Party Group or any person acting in concert with any of them, and any of the directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposed Transactions and the Whitewash Waiver;

(v) none of the members of the CIMC Concert Party Group had borrowed or lent any shares, warrants, options, convertible securities or derivatives of the Company and members of the CIMC Concert Party Group;

(vi) none of the members of the CIMC Concert Party Group nor any person acting in concert with it (including their respective directors) has dealt for value in any shares or convertible securities, warrants, options or derivatives of the Company during the period between 11 March 2008, being six months prior to the date of the Announcement, and up to the Latest Practicable Date, except that Mr. Zhao Qingsheng, a Director, who is at the same time presumed under the Takeovers Code to be acting in concert with the CIMC Concert Party Group purchased certain Ordinary Shares on the market in October 2008, the quantity and amount involved being 104,000 Ordinary Shares (including 6,000 Ordinary Shares at the price of HK$1.50 per Ordinary Share; 62,000 Ordinary Shares at the price of HK$1.51 per Ordinary Share; 4,000 Ordinary Shares at the price of HK$1.53 per Ordinary Share and 32,000 Ordinary Shares at the price of HK$1.54 per Ordinary Share) on 13 October 2008, involving a total amount of approximately HK$158,000, and 110,000 Ordinary Shares (including 100,000 Ordinary Shares at the price of HK$1.80 per Ordinary Share and 10,000 Ordinary Shares at the price of HK$1.81 per Ordinary Share) on 21 October 2008, involving a total amount of approximately HK$198,000;

(vii) no person has made an irrevocable commitment to vote for or against the Proposed Transactions, the proposed grant of specific mandate to issue Shares, the Whitewash Waiver, the non-exempt continuing connected transactions (including the related proposed annual caps), the proposed change of name of the Company, the proposed increase in authorised share capital and the proposed amendments to the Memorandum and Articles; and

(viii) there was no agreement, arrangement or understanding entered into by the CIMC Concert Party Group or any person acting in concert with it for the transfer, charge or pledge of the Ordinary Shares to any other persons.

5. SHARE OPTION SCHEMES

Share Option Scheme

The Company has adopted a Share Option Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company on 12 July 2006.

The following is a summary of the principal terms of the rules of the Share Option Scheme.

(i) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined in paragraph (ii) below) and for such other purposes as the Board may approve from time to time.

(ii) *Who may join*

The Board may, at its absolute discretion, invite (i) any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any substantial Shareholders or any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professionals and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives of the Company or substantial Shareholders; (v) any associates of Director, chief executive of the Company or substantial Shareholder; and (vi) any employees (whether full-time or part-time) of the substantial Shareholders (respectively, the "**Participants**" and each a "**Participant**"), to take up Share Options to subscribe for Ordinary Shares at a price calculated in accordance with paragraph (v) below.

In determining the basis of eligibility of each Participant within the above categories, the Directors would mainly take into account of the experience of the Participant in the Group's business, the length of service of the Participant with the Group (if the Participant is an employee or a director of any member of the Group), the length of business relationship the Participant has established with the Group (if the Participant is an employee, a partner or a director of any consultant, professionals and other advisers to any member of the Group) and such other factors as the Board may at its discretion consider appropriate.

(iii) *Grant of Share Options*

Any grant of Share Options must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of: (a) the date of the meeting of the Board for the approval of the Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules or quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of a relevant results announcement, no Share Option may be granted.

(iv) *Acceptance of Share Option offer*

A Share Option shall be deemed to have been accepted by any Participant who accepts an offer of the grant of a Share Option made by the Board in accordance with the terms of this Share Option Scheme or (where the context so permits) his personal representative (the "**Grantee**") when the duplicate of the relevant offer letter comprising acceptance of the Share Option has been duly signed by the Grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the granting of the Share Option is received by the Company within 14 days from the date of the offer, and the Share Option to which the offer relates shall be deemed to have been granted on the offer date of such Share Option.

(v) *Subscription price of Ordinary Shares*

Subject to any adjustments made pursuant to paragraph (xii) below and pursuant to Rule 17.03(9) of the Listing Rules, the subscription price in respect of each Ordinary Share issued pursuant to the exercise of the Share Options granted under the Share Option Scheme will be a price solely determined by the Board and notified to a Participant and shall be at least the highest of: (a) the closing price of the Ordinary Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the Share Option to the Participant, which must be a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities (a "**Trading Day**"); (b) a price being the average of the closing prices of the Ordinary Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive Trading Days immediately preceding the date of offer of the Share Option to the Participant; and (c) the nominal value of an Ordinary Share.

(vi) *Maximum number of Ordinary Shares available for subscription and maximum entitlement of Ordinary Shares of each Participant*

(a) The total number of Ordinary Shares of the Company which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 44,520,000 shares, which represents 10% (the "**Scheme Mandate Limit**") of the total issued share capital of the Company as at the date of passing of the relevant resolution approving the adoption of the Share Option Scheme, unless the Company obtains a fresh approval from the Shareholders pursuant to sub-paragraph (b) below. Share Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

(b) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Ordinary Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10% (the "**Refreshed Limit**") of the total number of Ordinary Shares in issue as at the date of approval to refresh such limit. Share Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Share Options) shall not be counted for the purpose of calculating the Refreshed Limit. In such a case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

(c) The Company may seek approval by the Shareholders in general meeting for granting Share Options beyond the Scheme Mandate Limit or Refreshed Limit provided the Share Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

(d) Notwithstanding the above and subject to paragraph (xii) below, the limit on the number of Ordinary Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Ordinary Shares in issue from time to time. No Share Options may be granted and any other share option schemes of the Company if this will result in such limit being exceeded.

(e) Subject to paragraph (vi)(f) below, the maximum number of Ordinary Shares issued and to be issued upon exercise of the Share Options granted to each Participant (including both exercised and outstanding Share Options) in any 12-month period shall not exceed 1% of the total number of Ordinary Shares in issue.

(f) Notwithstanding paragraph (vi)(e) above, any further grant of Share Options to a Participant which would result in the Ordinary Shares in issue and to be issued upon exercise of all share options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Ordinary shares in issue shall be subject to the Shareholders' approval in general meeting with such Participant and his associates abstaining from voting. The number of Ordinary shares and the terms of the Share Options to be granted to such Participants shall be fixed before the Shareholders' approval and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. In such a case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

(vii) *Requirements on granting Share Options to connected persons*

Any grant of Share Options to a Participant who is a Director, chief executive of the Company or substantial Shareholder or any of their respective associates (including a discretionary trust whose discretionary objects include a Director, chief executive of the Company or substantial Shareholder or a company beneficially owned by any Director, chief executive of the Company or substantial Shareholder) must be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the Grantee). Where the board of Directors proposes to grant any Share Option to a Participant who is a substantial Shareholder or an independent non-executive Director or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial Shareholder or an independent non-executive Director or a company beneficially owned by any substantial Shareholder or independent non-executive Director), would result in the Ordinary Shares in issue and to be issued upon exercise of all share options already granted and to be granted pursuant to the Share Option Scheme and other share option schemes of the Company (including options exercised, cancelled and outstanding) to such Participant in the 12-month period up to and including the date of grant:

(a) representing in aggregate more than 0.1% of the total number of Ordinary Shares in issue; and

(b) having an aggregate value, based on the closing price of the Ordinary Shares at the date of each grant, in excess of HK$5,000,000,

such proposed further grant of Share Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to the Shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Share Options must be taken on a poll. Shareholders' approval as required under this paragraph (vii) is also required for any changes in the terms of Share Options granted to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates.

(viii) *Time of exercise of Share Options*

A Share Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than 10 years to be notified by the Board to each Grantee, which period shall deem to commence on the date of the offer of the Share Option to the Participant and expire on the last day of such period as determined by the Board.

Unless otherwise determined by the Board and specified in the offer letter to be given to the Participant at the time of the offer of the Share Option, there is neither any performance targets that need to be achieved by the Grantee before a Share Option can be exercised nor any minimum period for which a Share Option must be held before it can be exercised.

(ix) *Rights are personal to Grantee*

A Share Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third parties over or in relation to any Share Options (where the Grantee is a company, any changes of its major shareholder or any substantial changes in its management (to be determined by the Board at its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid). Any breaches of the foregoing by a Grantee shall entitle the Board to cancel any outstanding Share Options or any part of such Share Options.

(x) *Rights on ceasing employment or engagement*

If the Grantee of a share option ceases to be a Participant for any reason other than on Grantee's death or termination of Grantee's employment, directorship, office or appointment on one or more of the grounds specified in paragraph (xvii)(e) below, the Grantee may exercise the Share Option up to the Grantee's entitlement at the date of cessation (to the extent which has become exercisable and not already been exercised) within the period of three months (or such longer period as the Board may determine) following the date of such cessation. Such date of cessation shall be, in the case of an employee, a director, a consultant, professional and other advisers or chief executives of the relevant company, the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment, or in the case of a discretionary object, the date of the last actual working day with the relevant company or the last date of office or appointment of the settlor of the discretionary trust and the date of cessation as determined by a resolution of the board of directors or governing body of the relevant company shall be conclusive.

(xi) *Rights on death*

If the Grantee of a Share Option, if an individual, dies before exercising the Share Option in full and none of the events which would be a ground for termination of his employment, directorship, office or appointment under paragraph (xvii)(e) below arises, the personal representative(s) of the deceased Grantee shall be entitled within a period of 12 months, or such longer period as the Board may determine, from the date of death, to exercise the Share Option up to the entitlement of such Grantee as at the date of death (to the extent that the Share Option has become exercisable and not already been exercised).

(xii) *Reorganisation of capital structure*

In the event of a capitalisation of profits or reserves, further rights issues of Ordinary Shares, consolidation or sub-division of Ordinary Shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

(a) the number of Ordinary Shares, the subject matter of the Share Option (insofar as it is unexercised); and/or

(b) the price per share at which the Share Options are exercisable.

Any such adjustment shall be in compliance with the requirements of the Listing Rules and made on the basis that:

(a) the proportion of the issued share capital of the Company to which a Share Option holder is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment; and

(b) it will not enable any Ordinary Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Share Option holder would have been entitled to subscribe had he exercised all the Share Options held by him immediately prior to such adjustments; and

(c) the auditor or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to Rule 17.03(13) of the Listing Rules, except where such adjustment is made on a capitalisation issue,

and provided further that the supplementary guidance issued by the Stock Exchange on 5 September 2005 and other notes or guidance issued by the Stock Exchange from time to time shall be complied with.

(xiii) *Rights on take-over*

If a general offer by way of take-over (other than by way of scheme of arrangement pursuant to paragraph (xiv) below) is made to all the Shareholders (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) and if such offer becomes or is declared unconditional prior to the expiry of the relevant period of which a Share Option may be exercised, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his personal representative(s)) may by notice in writing to the Company within 21 days of such notice of the offeror exercise the Share Option (to the extent that the Share Option has become exercisable on the date of the notice of the offeror and not already been exercised) to its full extent or to the extent specified in such notice.

(xiv) *Rights on scheme of arrangement*

If a general offer by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by the Company, after which it shall lapse) exercise the Share Option (to the extent the Share Option has become exercisable and not already been exercised) to its full extent or to the extent specified in such notice.

(xv) *Rights on a compromise or arrangement*

If a compromise or arrangement between the Company and its Shareholders 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, other than a general offer or a scheme of arrangement contemplated in paragraph (xiii) or (xiv) above, the Company shall give notice thereof to the Grantee on the same date as it despatches the notice to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representative(s)) may forthwith and until the expiry of the period commencing on such date and ending on the earlier of two months thereafter and the date on which such compromise or arrangement is sanctioned by the court, exercise any of his Share Options (to the extent the Share Option has become exercisable and not already been exercised) whether in full or in part, but the exercise of a Share 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 Share Options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Ordinary Shares issued as a result of the exercise of Share 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.

(xvi) *Voluntary wind-up*

If a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice give notice thereof to all Grantees. Each Grantee (or his legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than two Trading Days prior to the date of the proposed general meeting, exercise the Share Option (to the extent the Share Option has become exercisable and not already been exercised) in accordance with the Share Option Scheme whereupon the Company shall as soon as possible and, in any event, no later than the Trading Day immediately prior to the date of the proposed general meeting allot the relevant Ordinary Shares to the Grantee credited as fully paid.

(xvii) *Lapse of Share Options*

A Share Option shall lapse automatically and not be exercisable (to the extent not already been exercised) on the earliest of:

(a) the expiry of the Share Option period;

(b) the expiry of the periods referred to in paragraph (x), (xi), (xiii) or (xvi) above respectively;

(c) subject to the scheme of arrangement referred to in paragraph (xiv) becoming effective, the expiry of the period referred to in paragraph (xiv) above;

(d) subject to the compromise or arrangement referred to in paragraph (xv) becoming effective, the expiry of the period referred to in paragraph (xv) above;

(e) the date on which the Grantee ceases to be a full-time or part-time employee, director, consultant, professional or other adviser, discretionary objects of a discretionary trust or chief executive of the relevant company or substantial Shareholder (as the case may be) by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or has been in breach of any rules or regulations of any members of the Group, or appears either to be unable to pay or have no reasonable prospect of being able to pay debts, or has become insolvent, or has made any arrangements or compositions with his creditors generally, or has been convicted of any criminal offences involving his integrity or honesty, in the event of which the board of directors of the relevant company or substantial Shareholder (as the case may be) shall at its absolute discretion determine whether the employment, directorship, office or appointment of the Grantee has been terminated on one or more of the grounds specified in this paragraph (xvii)(e);

(f) the close of two Trading Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of commencement of the winding-up of the Company;

(g) the date on which the Share Option is cancelled by the Board as provided in paragraph (ix) above; or

(h) the date on which the Share Option is cancelled by the Board as set forth in paragraph (xix) below.

(xviii) *Ranking of Ordinary Shares*

The Ordinary Shares to be allotted upon the exercise of a Share Option will be subject to the Memorandum and the Articles for the time being in force and will rank pari passu in all respects with the fully paid Ordinary Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

(xix) *Cancellation of Share Options granted*

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Share Option granted but not exercised. Where the Company cancels Share Options and makes an offer of grant of new Share Options to the same Grantee, the offer of such new Share Options may only be made under the Share Option Scheme with available Share Options (to the extent not yet granted and excluding the cancelled Share Options) within the limit approved by the Shareholders as mentioned in paragraph (vi) above.

(xx) *Period of the Share Option Scheme*

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is conditionally adopted by the Company, after which period no further Share Options will be issued but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Share Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Share Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(xxi) *Alteration to the Share Option Scheme*

The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except, among other things, that the provisions relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Participants except with the prior approval of a resolution of the Shareholders in general meeting (with Participates and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Share Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the affected Grantees as would be required the Shareholders under the Articles for a variation of the rights attached to the Ordinary Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. Any changes to the authority of the Board or scheme administrators in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting. The terms of the Share Option Scheme, as it may from time to time be amended, must comply with the relevant requirements of Chapter 17 of the Listing Rules, any letter and supplementary guidance issued by the Stock Exchange and the laws of Hong Kong in force from time to time.

(xxii) *Termination*

The Company by resolution in general meeting of the Shareholders or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

Details of the Share Options granted, including Share Options exercised or outstanding, under the Share Option Scheme and (if applicable) Share Options that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme to be established after such termination of the Share Option Scheme.

(xxiii) *Grant of Share Option*

As at the Latest Practicable Date, no share options had been granted under the Share Option Scheme.

(xxiv) *Value of Share Options*

The Directors consider it inappropriate to disclose the value of share options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no share options have been granted, certain variables are not available for calculating the value of share options. The Directors believe that any calculation of the value of share options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

6. DISCLOSURE OF INTERESTS

(i) Shareholding as at the Latest Practicable Date and after completion of the Proposed Transactions

Details of the shareholding structure of the Company under different scenarios before and after completion of the Proposed Transactions are set out below:

	As at the Latest Practicable Date		Immediately after completion of the Proposed Transactions but before conversion of any of the New Convertible Preference Shares		Immediately after completion of the Proposed Transactions and conversion of the New Convertible Preference Shares with a minimum public float of 25% *(Note 6)*		Immediately after full conversion of the New Convertible Preference Shares (This scenario will never happen and this column is set out for illustration purpose only) *(Note 7)*	
	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares	Number of Ordinary Shares held	Approximate percentage of total issued Ordinary Shares
Charm Wise *(Note 1)*	190,703,000	41.55%	190,703,000	22.24%	190,703,000	17.80%	190,703,000	10.18%
CIMC HK *(Note 2)*	—	0.00%	254,405,490	29.67%	468,301,289	43.71%	1,131,632,645	60.42%
CIMC Vehicle *(Note 3)*	—	0.00%	40,141,626	4.68%	40,141,626	3.75%	178,555,792	9.53%
PGM	—	0.00%	103,905,085	12.12%	103,905,085	9.70%	103,905,085	5.55%
Mr. Zhao Qingsheng *(Note 4)*	214,000	0.05%	214,000	0.02%	214,000	0.02%	214,000	0.01%
CIMC Concert Party Group	190,917,000	41.60%	589,369,201	68.73%	803,265,000	74.98%	1,605,010,522	85.69%
Mr. Jin Yongsheng *(Note 5)*	246,000	0.05%	246,000	0.05%	246,000	0.02%	246,000	0.05%
Public	267,837,000	58.35%	267,837,000	31.24%	267,837,000	25.00%	267,837,000	14.30%
Total	459,000,000	100%	857,452,201	100%	1,071,348,000	100%	1,873,093,522	100%

Notes:

1 Charm Wise is a direct wholly-owned subsidiary of CIMC HK, which, in turn, is a direct wholly-owned subsidiary of CIMC.

2 CIMC HK is a direct wholly-owned subsidiary of CIMC.

3 CIMC Vehicle is a direct wholly-owned subsidiary of CIMC Vehicle Group, the equity interest of which, in turn, is owned as to 56% by CIMC and as to 24% by CIMC HK. The remaining 20% equity interest in CIMC Vehicle Group is held by 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, pursuant to a stock credit plan adopted by CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units divided into three batches, of which the first batch of 45,000,000 units have been allocated. The remaining second and third batches in a total number of 175,500,000 units will be allocated after the performance appraisals for the year ended 2007 and 2008, neither of which has as yet taken place. Further allocations will be announced by CIMC in compliance with the relevant requirements of the Shenzhen Stock Exchange in due course. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units. Except as disclosed above, based on the information provided by CIMC to the Company, the participants in the plan are Independent Third Parties.

4 An executive Director and the Chairman of the Company.

5 An executive Director and the Chief Executive Officer of the Company.

6 To maintain the minimum public float requirement provided in Rule 8.08 of the Listing Rules, it is assumed that only CIMC HK converts 213,895,799 New Convertible Preference Shares into the same number of Ordinary Shares.

7 As the conversion of the New Convertible Preference Shares may result in the Company failing to meet the minimum public float requirement as prescribed under Rule 8.08 of the Listing Rules, CIMC HK and CIMC Vehicle have undertaken to the Company that they will only exercise the conversion rights as to such number of New Convertible Preference Shares if, upon conversion, the percentage of the Ordinary Shares held by the public will still meet the minimum public float requirement under Rule 8.08 of the Listing Rules.

(ii) Interests (or long positions) and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests (or long positions) and short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Interests in Ordinary Shares	Approximate percentage of total issued share capital of the Company
			(Note 1)
Mr. Zhao Qingsheng	Beneficiary of a trust	178,555,792 (Note 2)	38.90%
	Beneficial owner	214,000	0.04%
Mr. Wu Fapei	Beneficiary of a trust	178,555,792 (Note 2)	38.9%
Mr. Jin Yongsheng	Beneficial owner	246,000	0.05%

Notes:

1. The percentage is calculated based on the total number of issued Ordinary Shares as at the Latest Practicable Date, which were 459,000,000 Ordinary Shares.

2. The 178,555,792 Ordinary Shares relate to the 40,141,626 New Ordinary Shares and 138,414,166 New Convertible Preference Shares acquired by CIMC Vehicle under the China Acquisition Agreement. CIMC Vehicle is wholly-owned by CIMC Vehicle Group. Pursuant to a stock credit plan adopted by CIMC Vehicle Group, 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) has been appointed as trustee to acquire and to hold on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, a 20% equity interest in CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units, of which 45,000,000 units have been allocated. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units.

Long positions in the shares and underlying shares of associated corporations

Associated corporation	**Name of Director**	**Capacity**	**Interest in shares held**	**Approximate percentage of total issued share capital of associated corporation**
CIMC Vehicle Group	Mr. Zhao Qingsheng	Beneficiary of a trust	3,000,000	1.36%
CIMC Vehicle Group	Mr. Wu Fapei	Beneficiary of a trust	3,000,000	1.36%

Note: The percentage is calculated based on the total number of allocated stock credit units under the stock credit plan adopted by CIMC Vehicle Group as at the Latest Practicable Date, which was 220,700,000 units.

Except as disclosed above, as at the Latest Practicable Date, no other interests or short positions in the ordinary shares, underlying ordinary shares or debentures of the Company or any of its associated corporations were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; or were recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(iii) Persons or entities who have interests (or long positions) and short positions in the shares or underlying shares of the Company and of other members of the Group

So far as it is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors and chief executive of the Company) had an interest (or long positions) or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the shares and underlying shares of the Company

Name of Shareholder	**Capacity**	**Interests in Shares**	**Approximate percentage of total issued share capital of the Company**
			(Note 1)
Charm Wise	Beneficial owner	190,703,000 (Note 2)	41.55%
CIMC HK	Interest in controlled corporation	190,703,000 (Note 2)	41.55%

Name of Shareholder	Capacity	Interests in Shares	Approximate percentage of total issued share capital of the Company (Note 1)
	Beneficial owner	1,131,632,645 (Note 3)	246.54%
CIMC	Interest in controlled corporation	190,703,000 (Note 2)	41.55%
	Beneficial owner	1,310,188,437 (Note 4)	285.44%
PGM	Beneficial owner	103,905,085 (Note 6)	22.64%
Mr. Wang Yusuo	Interest in controlled corporation and beneficial owner	45,441,000 (Note 5)	9.90%
Ms. Zhao Baoju	Interest in controlled corporation and interest of spouse	45,441,000 (Note 5)	9.90%
Commonwealth Bank of Australia	Interest in controlled corporation	41,233,000	8.98%
Xinao Group International Investment Limited	Beneficial owner	43,441,000 (Note 5)	9.46%
DnB Nor Asset Management Investment (Asia) Limited	Investment manager	30,538,000	6.65%
Symbiospartners Private Equity Limited	Beneficial owner	26,016,000	5.67%

Notes:

1. The percentages are calculated based on the total number of Ordinary Shares as at the Latest Practicable Date, which were 459,000,000 Ordinary Shares.

2. The three references to 190,703,000 Ordinary Shares refer to the same block of shares held by Charm Wise, which is wholly owned by CIMC HK.

3. The 1,131,632,645 Shares relate to the 254,405,490 New Ordinary Shares and 877,227,155 New Convertible Preference Shares to be allotted and issued to CIMC HK under the China Acquisition Agreement and the European Acquisition Agreement.

4. The 1,310,188,437 Shares relate to (i) the 254,405,490 New Ordinary Shares and 877,227,155 New Convertible Preference Shares to be allotted and issued to CIMC HK, a wholly-owned subsidiary of CIMC under the China Acquisition Agreement and the European Acquisition Agreement; and (ii) the 40,141,626 New Ordinary Shares and 138,414,166 New Convertible Preference Shares acquired by CIMC Vehicle, a subsidiary of CIMC under the China Acquisition Agreement.

5. The 45,441,000 Ordinary Shares comprise (i) 43,441,000 Ordinary Shares relating to the same block of shares held by Xinao Group International Investment Limited, which is beneficially owned as to 50% by Mr. Wang Yusuo and as to 50% by Ms. Zhao Baoju; and (ii) 2,000,000 Ordinary Shares beneficially owned by Mr. Wang Yusuo, and Ms. Zhao Baoju, being the spouse of Mr. Wang Yusuo, is deemed to be interested in the same Ordinary Shares.

6. The 103,905,085 Shares relate to the New Ordinary Shares to be allotted and issued to PGM under the European Acquisition Agreement.

Except disclosed above, the Directors and chief executive of the Company are not aware, as at the Latest Practicable Date, of any person (who are not Directors and chief executive of the Company) who had an interest (or long position) or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(iv) Directors' remuneration

The following table summarises the directors' remuneration of the Company for the three years ended 31 December 2008:

	31 December		
	2006	**2007**	**2008**
	RMB	**RMB**	**RMB**
Executive Directors:			
Fees	—	—	—
Other emoluments:			
- salaries, allowances and benefits in kind	3,068,000	3,277,544	620,586
- performance related bonuses	—	—	—
- retirement scheme contribution	6,183	15,992	4,758
- share-based payments (note)	2,877,932	1,008,359	—
Non-executive Director and independent non-executive Directors:			
Fees	249,600	453,633	435,744
Total	6,201,715	4,755,528	1,061,088

Note: Share-based payments represent the estimated value of share options granted to the Directors under the 2005 Plan.

Except as disclosed above, no other payments have been paid or are payable, or any benefits in kind granted, in respect of the three years ended 31 December 2008, by the Company or any of its subsidiaries to the Directors.

The aggregate remuneration currently estimated to be payable to the Directors, for the period from the date of completion of the Proposed Transactions and ending 31 December 2009 is approximately HK$1.0 million.

(v) Arrangements affecting the Directors

(a) As at the Latest Practicable Date, there was no material contract entered into by the Company or by members of the CIMC Concert Party Group in which any of the Directors had a material personal interest.

(b) None of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Proposed Transactions and Whitewash Waiver, and there is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Proposed Transactions and Whitewash Waiver or otherwise connected with the Proposed Transactions and Whitewash Waiver.

(vi) Competing interests

As at the Latest Practicable Date, the following Directors and their respective Associates were interested in the following businesses (other than the business of the Restructured Group) which was competing or was likely to compete, either directly or indirectly with the business of the Restructured Group:

Name of Director	Name of entity (Note)	Description of business	Nature of interest of the Director in the entity
Mr. Jin Jianlong	Nantong CIMC	the production and sales of stainless steel tank containers	director
Mr. Wu Fapei	Nantong CIMC	the production and sales of stainless steel tank containers	director and participant in the stock credit plan adopted by CIMC Vehicle Group (Note)
Mr. Shi Caixing	Zhangjiagang CIMC	The design, production, sales and technical service of cryogenic storage and transportation equipment	director

Note: Pursuant to a stock credit plan adopted by CIMC Vehicle Group, 深圳國際信託投資有限責任公司 (Shenzhen International Trust & Investment Co., Limited) has been appointed as trustee to acquire and to hold on trust, for the benefit of certain senior management of CIMC and certain employees of CIMC Vehicle Group, a 20% equity interest in CIMC Vehicle Group. Under the plan, there are a total of 220,700,000 units, of which 45,000,000 units have been allocated. Mr. Zhao Qingsheng and Mr. Wu Fapei, both Directors, are participants in the plan, each with 3,000,000 allocated units.

Except as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective Associates had any interest in any business (other than the business of the Restructured Group) which was competing or was likely to compete, either directly or indirectly, with the business of the Restructured Group.

(vii) Interests in the five largest suppliers and customers

As at the three years ended 31 December 2008 and to the knowledge of the Directors, Xinao Group International Investment Limited, an existing Shareholder holding more than 5% of the Ordinary Shares, had substantial interests in one of the five largest customers of the Group.

As at the two years ended 31 December 2008 and to the knowledge of the Directors, CIMC, the controlling shareholder of the Company, had substantial interests in one of the five largest suppliers of the Group.

7. MARKET PRICES

The table below shows the closing prices of the Ordinary Shares as recorded on the Stock Exchange on (i) the last day on which dealings took place in each of the six months immediately preceding the date of the Announcement and ending on the Latest Practicable Date; (ii) 2 September 2008, being the last trading day prior to the suspension of trading in the Shares pending the issue of the Announcement; and (iii) 29 May 2009, the Latest Practicable Date.

	Closing price of Ordinary Shares on the last trading day of each of the six months immediately preceding the date of the Announcement
	HK$
31 March 2008	7.90
30 April 2008	6.90
30 May 2008	6.42
30 June 2008	5.30
31 July 2008	4.99
29 August 2008	3.25
2 September 2008	3.30
30 September 2008	1.95
31 October 2008	1.50
28 November 2008	1.84
31 December 2008	1.52
30 January 2009	1.57
27 February 2009	1.35
31 March 2009	2.79
30 April 2009	3.97
As at the Latest Practicable Date	3.82

The highest and lowest closing prices of the Ordinary Shares as recorded on the Stock Exchange during the period between 11 March 2008, being the date six months prior to the date of the Announcement, and ending on the Latest Practicable Date, were HK$8.68 on 27 March 2008 and HK$1.30 on 30 October 2008, respectively.

8. DISCLAIMERS

Except disclosed in this circular:

(a) none of the Directors or chief executive of the Company is aware of any other Director or chief executive of the Company who has any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporation (within the meaning of the SFO) which will be required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, under section 352 of the SFO, to be entered in the register referred to in that section, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code;

(b) none of the Directors nor any of the persons whose names are listed in the sub-section headed "Consents" 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 circular 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 sub-section headed "Consents" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group;

(d) 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);

(e) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this circular 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 introduction or related transaction as mentioned in this circular; and

(f) so far as is known to the Directors, none of the Directors, their respective associates or Shareholders who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

9. MATERIAL CHANGE OF THE GROUP SINCE 31 DECEMBER 2008

As at the Latest Practicable Date, the Directors were not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up.

10. LITIGATION

Except as disclosed below, as at the Latest Practicable Date, no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group:

(a) On 23 October 2008, Enric Integration received a notice that Neogas Inc. had filed a claim in arbitration against Enric Integration for, inter alia, outstanding royalty payments under a transfer of technology agreement dated 1 January 2006 entered into among Neogas Inc., Xinao Group Shijiazhuang Chemical Equipment Company Limited and Enric Integration. The arbitration proceeding was pending as at the Latest Practicable Date. Enric Integration refused to pay the royalty under the transfer of technology agreement since the patent to be licensed under the agreement was ruled to be invalid by the Patent Review Committee of the State Intellectual Property Office of the People's Republic of China (中華人民共和國知識產權局專利覆審委員會) on 23 February 2008. Neogas Inc. appealed to the Court of First Instance of Beijing City (北京市第一級人民法院), but the verdict was confirmed by the court on 9 January 2009. Enric Integration estimated that in the event the arbitration is decided against Enric Intergration, the total amount required to be paid by Enric Integration is approximately RMB4,500,000 (equivalent to approximately HK$5,146,000) plus the cost of this arbitration. In addition, the Company has recognised liabilities in the amount of RMB4,500,000 (equivalent to approximately HK$5,146,000) as of 31 December 2008 in connection with this claim. The dispute between Enric Integration and Neogas Inc. is not expected to have a material adverse effect on the business operations of the Group.

Except as disclosed below, as at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Target Group:

(a) On 15 April 2009, Luyuan Natural Gas Electricity Company Limited (綠源天然氣電力有限公司) ("**Luyuan**") bought a lawsuit against Zhangjiagang CIMC at the Ningbo City Qin Zhou People's Court (寧波市勤州區人民法院) in respect of the losses incurred as a result of the delayed delivery of six LNG tank containers under purchase contracts in the amount of RMB14,488,600 (equivalent to approximately HK$16,567,867.4) plus the cost of the litigation. On 8 May 2009, Zhangjiagang CIMC submitted to the Ningbo City Qin Zhou People's Court that it should be the Zhangjiagang City People's Court (張家港市人民法院) who has the jurisdiction in this litigation. The lawsuit was pending as at the Latest Practicable Date. The litigation between Zhangjiagang CIMC and Luyuan is not expected to have a material adverse effect on the business of the Target Group.

(b) On 13 May 2009, Zhangjiagang CIMC also brought a lawsuit against Luyuan demanding the payment of RMB4,405,800 (equivalent to approximately HK$5,038,078.9) under the purchase contracts for the delivery of the six LNG tank containers mentioned in paragraph (a) above, interests and losses incurred as a result of the delayed payment in the amount of RMB839,728.34 (equivalent to approximately HK$960,238.2) plus the cost of the litigation. The lawsuit was currently pending as at the Latest Practicable Date. The litigation between Zhangjiagang CIMC and Luyuan is not expected to have a material adverse effect on the business of the Target Group.

11. SUMMARY OF MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, had been entered into by members of the Group after the date two years before the date of the Announcement and up to the Latest Practicable Date, and are or may be material:

(i) a share transfer agreement dated 30 July 2007 entered into between Charm Wise and Xinao Group International Investment Limited pursuant to which Xinao Group International Investment Limited transferred approximately 42.18% of the then issued share capital of the Company to Charm Wise at a consideration of HK$1,128,961,760;

(ii) the China Acquisition Agreement, which is a conditional sale and purchase agreement dated 2 September 2008 entered into between the Company as purchaser, and CIMC HK and CIMC Vehicle as vendors in respect of the sale and purchase of the entire issued share capital of Target Co China, details of which are set out in the section headed "Letter from the Board" of this circular;

(iii) the European Acquisition Agreement, which is a conditional sale and purchase agreement dated 2 September 2008 entered into between the Company as purchaser, and CIMC HK and PGM as vendors in respect of the sale and purchase of the entire issued share capital of Target Co Europe, details of which are set out in the section headed "Letter from the Board" of this circular;

(iv) the China Supplemental Agreement, which is a supplemental agreement dated 20 April 2009 entered into between the Company as purchaser and CIMC HK and CIMC Vehicle as vendors in respect of the China Acquisition Agreement, details of which are set out in the section headed "Letter from the Board" of this circular;

(v) the European Supplemental Agreement, which is a supplemental agreement dated 20 April 2009 entered into between the Company as purchaser, and CIMC HK and PGM as vendors in respect of the European Acquistion Agreement, details of which are set out in the section headed "Letter from the Board" of this circular;

(vi) the Technology Licence Agreement, a technology licence agreement dated 19 March 2009 entered into between Holvrieka Holding and CIMC Tank Equipment, details of which are set out in the section headed "Connected Transactions" of this circular;

(vii) the Deed of Non-compete Undertakings, a deed of non-compete undertakings dated 1 June 2009 entered into by CIMC in favour of the Company, details of which are set out in the sub-section "Deed of Non-compete Undertakings" in the section headed "Relationship with the Controlling Shareholder" of this circular; and

(viii) a deed of indemnity dated 1 June 2009 entered into by CIMC HK in favour of the Company pursuant to which CIMC HK will indemnify and keep the Restructured Group indemnified from any damages and losses that the Restructured Group may suffer in the absence of building ownership certificates.

The following contracts, not being contracts in the ordinary course of business, had been entered into by members of the Target Group after the date two years before the date of the Announcement and up to the Latest Practicable Date, and are or may be material:

(i) an equity transfer agreement dated 20 December 2007 entered into between Charm Ray and 張家港衆一盛時代新技術應用有限公司 (Zhangjiagang Zhong Yi Sheng Shi Dai New Technology Co., Ltd), pursuant to which Charm Ray agreed to acquire a 2.62% equity interest in Zhangjiagang CIMC from 張家港衆一盛時代新技術應用有限公司 (Zhangjiagang Zhong Yi Sheng Shi Dai New Technology Co., Ltd) for a consideration of RMB4,713,407.27 (equivalent to approximately HK$5,389,831);

(ii) an equity transfer agreement dated 20 December 2007 entered into between Charm Ray and Mr. Xu Longfa (許龍發), pursuant to which Charm Ray agreed to acquire a 0.33% equity interest in Zhangjiagang CIMC from Mr. Xu Longfa (許龍發) for a consideration of RMB593,673.44 (equivalent to approximately HK$678,872);

(iii) an equity transfer agreement dated 20 December 2007 entered into between CIMC Vehicle Group, CIMC Vehicle and Charm Ray, pursuant to which Charm Ray agreed to acquire a 72.05% and a 25% equity interest in Zhangjiagang CIMC from CIMC Vehicle Group and CIMC Vehicle, respectively, for a consideration of RMB129,618,700 (equivalent to approximately HK$148,220,354) and RMB44,975,260.24 (equivalent to approximately HK$51,429,686);

(iv) an instrument of transfer dated 9 April 2008 entered into between Harefield Limited as transferor and Manner Kind as transferee whereby Harefield Limited transferred one share of HK$1.00 in the issued share capital of Win Score to Manner Kind in consideration of HK$1.00, and bought and sold notes dated 9 April 2008 between Harefield Limited as seller and Manner Kind as purchaser in relation to the transfer of one share of HK$1.00 in the issued share capital of Win Score in consideration of HK$1.00;

(v) an instrument of transfer dated 9 April 2008 entered into between Harefield Limited as transferor and Perfect Vision as transferee whereby Harefield Limited transferred one share of HK$1.00 in the issued share capital of Charm Ray to Perfect Vision in consideration of HK$1.00, and bought and sold notes dated 9 April 2008 between Harefield Limited as seller and Perfect Vision as purchaser in relation to the transfer of one share of HK$1.00 in the issued share capital of Charm Ray in consideration of HK$1.00;

(vi) a share transfer agreement dated 16 April 2008 entered into between CIMC BVI, CIMC Tank Equipment and Win Score, pursuant to which CIMC BVI and CIMC Tank Equipment have agreed to transfer their respective 38% and 62% equity interests in Nantong CIMC to Win Score for a consideration of US$25,818,000 (equivalent to approximately HK$201,638,580) and US$42,123,000 (equivalent to approximately HK$328,980,630, respectively;

(vii) a novation agreement dated 30 June 2008 entered into between CIMC Tank Equipment and CIMC BVI as creditors, CIMC HK as transferee and Win Score as debtor in respect of the debts of US$42,123,000 (equivalent to approximately HK$328,980,630) and US$25,818,000 (equivalent to approximately HK$201,638,580), respectively;

(viii) a novation agreement dated 30 July 2008 entered into between CIMC Vehicle Group, 張家港衆一盛時代新技術應用有限公司 (Zhangjiagang Zhong Yi Sheng Shi Dai New Technology Co., Ltd) and Mr. Xu Longfa (許龍發) as creditors, CIMC Vehicle as transferee and Charm Ray as debtor in respect of the debts of RMB129,618,700 (equivalent to approximately HK$148,220,354), RMB4,713,407.27 (equivalent to approximately HK$5,389,831) and RMB593,673.44 (equivalent to approximately HK$678,871.86), respectively; and

(ix) the Confirmatory Agreement on Patent and Know-how Sub-licence, entered into by CIMC and Nantong CIMC on 31 May 2009, the details of which are set out in the section headed "Connected Transactions" of this circular.

12. SERVICE CONTRACTS

There was no service contract, letter of appointment or service agreement for Directors which has been entered into or amended within six months before the Announcement.

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which is not determinable within 12 months without payment of compensation (other than normal statutory obligations).

13. PROMOTER

The Company does not have a promoter.

14. TOTAL COMMISSIONS AND EXPENSES

The aggregate commissions and fees, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Proposed Transactions, are estimated in aggregate to be approximately HK$68.20 million in total.

15. ESTATE DUTY

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of Belgium, the BVI, Cayman Islands, Denmark, Hong Kong, the Netherlands or the PRC.

16. EXPERTS

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

Name	Qualification
Deutsche Bank AG, Hong Kong Branch	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and a licensed bank under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong)
China Merchants Securities (HK) Co., Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Somerley Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
KPMG	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	PRC legal advisers
DTZ Debenham Tie Leung Limited	Independent property valuer

17. CONSENTS

Each of the Joint Sponsors, Somerley, KPMG, Conyers Dill & Pearman, Commerce & Finance Law Offices and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter or valuation certificate or the references to its name included herein in the form and context in which they are respectively included.

18. MISCELLANEOUS

Except as disclosed in this Appendix to this circular:

(i) within the two years preceding the date of this circular:

(a) no share or loan capital of the Company or any of its subsidiaries had been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries; and

(c) no share or loan capital of the Company or any of it subsidiaries was under option or was agreed conditionally or unconditionally to be put under option.

(ii) none of the persons whose names are listed in the sub-section headed "Consents" in this Appendix had 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;

(iii) there had not been any interruption in the business of the Group which may have had a significant effect on the financial position of the Group in the 12 months preceding the date of this circular;

(iv) neither the Company nor any of its subsidiaries had issued or agreed to issue any founder shares, management shares, deferred shares or any debentures;

(v) all necessary arrangements had been made with HKSCC for the Ordinary Shares to continue to be accepted as eligible securities of CCASS;

(vi) the Directors were not aware of any person who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries; and

(vii) none of the Company's equity or debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

The English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the Company's website at www.enricgroup.com and on the SFC's website at www.sfc.hk. The documents are also available for inspection at the office of Paul, Hastings, Janofsky & Walker at 22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong during 9:00 a.m. to 5:00 p.m. on any weekday other than public holidays from the date of this circular up to and including the date of the EGM:

(a) the Memorandum and Articles;

(b) the memorandum and articles of association of CIMC HK;

(c) the memorandum of association and the bye-laws of CIMC Vehicle;

(d) the letter of recommendation from the Independent Board Committee to the Independent Shareholders dated 3 June 2009, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(e) the letter of recommendation from the Whitewash Independent Board Committee to the Independent Shareholders dated 3 June 2009, the text of which is set out in the section headed "Letter from the Whitewash Independent Board Committee" in this circular;

(f) the letter of advice from Somerley to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders dated 3 June 2009, the text of which is set out in the section headed "Letter from the Independent Financial Advisor" in this circular;

(g) the annual reports of the Company for each of the two years ended 31 December 2007 and 2008;

(h) the accountants' report on the Target Group China and the Holvrieka Group prepared by KPMG, the text of which are set out in Appendices I and II to this circular and the statement of adjustments for the Holvrieka Group;

(i) the audited financial statements of the Group as extracted from the annual reports of the Company for the years ended 31 December 2006, 2007 and 2008, the text of which is set out in Appendix III to this circular;

(j) the report from KPMG relating to the unaudited pro forma financial information of the Restructured Group, the text of which are set out in Appendix IV to this circular;

(k) the letters from KPMG and the Joint Sponsors in connection with the profit estimate of the Target Group China and the Holvrieka Group for the three months ended 31 March 2009;

(l) the letter, summary of valuation and valuation certificates relating to the values of property interests of the Restructured Group prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix VI to this circular;

(m) the letter summarising certain aspects of Cayman Islands company law prepared by Conyers Dill & Pearman referred to in Appendix VII to this circular;

(n) the material contracts referred to in the sub-section headed "Summary of material contracts" in Appendix VIII to this circular;

(o) the Technology Licence Agreement;

(p) the Universal Collar Tank Technology Transfer Sub-licence Agreement;

(q) the Low Height Frame Tank Container Technology Transfer Agreement;

(r) the Confirmatory Agreement on Patent and Know-how Sub-licence; and

(s) the written consents referred to in the sub-section headed "Consent of experts" in Appendix VIII to this circular.

Enric Energy Equipment Holdings Limited
安瑞科能源裝備控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3899)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "Meeting") of the shareholders of Enric Energy Equipment Holdings Limited (the "Company") will be held at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 26 June 2009 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions numbered 1 to 5 as ordinary resolutions of the Company and passing (without modifications) the following resolutions numbered 6 to 8 as special resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT:**

(i) the conditional sale and purchase agreement dated 2 September 2008 made among the Company as purchaser and CIMC HK (as defined in the circular of the Company dated 3 June 2009 (the "Circular"), a copy of which is marked "A" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose) and CIMC Vehicle (as defined in the Circular) as vendors in respect of the sale and purchase of the entire issued share capital of Sound Winner Holdings Limited, a copy of which is marked "B" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose, and the transactions contemplated under it and all other incidental transactions be and are hereby approved, ratified and confirmed;

(ii) the supplemental sale and purchase agreement dated 20 April 2009 made among the Company as purchaser and CIMC HK and CIMC Vehicle as vendors in respect of the sale and purchase of the entire issued share capital of Sound Winner Holdings Limited, a copy of which is marked "C" and tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose, and the transactions contemplated under it and all other incidental transactions be and are hereby approved, ratified and confirmed;

(iii) the conditional sale and purchase agreement dated 2 September 2008 made among the Company as purchaser and CIMC HK and PGM (as defined in the Circular) as vendors in respect of the sale and purchase of the entire issued share capital of Full Medal Limited, a copy of which is marked "D" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose, and the transactions contemplated under it and all other incidental transactions be and are hereby approved, ratified and confirmed;

(iv) the supplemental sale and purchase agreement dated 20 April 2009 made among the Company as purchaser and CIMC HK and PGM as vendors in respect of the sale and purchase of the entire issued share capital of Full Medal Limited, a copy of which is marked "E" and tabled before the Meeting and initialed by the chairman of the Meeting for identification purpose, and the transactions contemplated under it and all other incidental transactions be and are hereby approved, ratified and confirmed; and

(v) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign and execute all such documents, instruments and agreements, and to do all such acts or things, as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with items (i) to (iv) of this Ordinary Resolution."

2. "**THAT:**

(i) the waiver granted or to be granted by the executive director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (or any of his delegates) in accordance with Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the obligation of the CIMC Concert Party Group (as defined in the Circular) to make an unconditional mandatory general offer for all the issued Ordinary Shares (as defined in the Circular) not already owned or agreed to be acquired by the CIMC Concert Party Group as a result of the issue of the New Ordinary Shares (as defined in the Circular) to CIMC, CIMC Vehicle and PGM be and is hereby approved; and

(ii) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign and execute all such documents, instruments and agreements, and to do all such acts or things, as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with item (i) of this Ordinary Resolution."

3. "**THAT** conditional upon the passing of Ordinary Resolutions No.1, No. 2 and No. 5 and the passing of Special Resolution No. 8 set out in the notice convening the Meeting, the grant of a specific mandate for the allotment and issue of the New Ordinary Shares, the New Convertible Preference Shares (as defined in the Circular) and the underlying Ordinary Shares which fall to be issued upon conversion of the New Convertible Preference Shares be and is hereby approved."

4. "**THAT** conditional upon the passing of Ordinary Resolutions No.1 to No. 3 set out in the notice convening the Meeting:

(i) the Master Supply of Spare Parts Agreement (as defined in the Circular), a copy of which is marked "F" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose, and the Holvrieka Master Supply of Spare Parts Agreement (as defined in the Circular), a copy of which is marked "G" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose, and the continuing connected transactions contemplated under them be and are hereby approved, and the proposed aggregated annual caps of the continuing connected transactions contemplated under the Master Supply of Spare Parts Agreement and the Holvrieka Master Supply of Spare Parts Agreement set out in the Circular be and are hereby approved;

(ii) the Master Sale of Products Agreement (as defined in the Circular), a copy of which is marked "H" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose, and the continuing connected transactions contemplated under it be and are hereby approved, and the proposed annual caps of the continuing connected transactions contemplated under the Master Sale of Products Agreement set out in the Circular be and are hereby approved;

(iii) the Holvrieka Master Sale of Tanks Agreement (as defined in the Circular), a copy of which is marked "I" and tabled before the Meeting and initialled by the chairman of the Meeting for identification purpose, and the continuing connected transactions contemplated under it be and are hereby approved, and the proposed annual caps of the continuing connected transactions contemplated under the Holvrieka Master Sale of Tanks Agreement set out in the Circular be and are hereby approved; and

(iv) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign and execute the Master Supply of Spare Parts Agreement, the Holvrieka Supply of Spare Parts Agreement, the Master Sale of Proudcts Agreement and the Holvrieka Master Sale of Tanks Agreement and all such documents, instruments and agreements, and to do all such acts or things, as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with items (i) to (iii) of this Ordinary Resolution."

5. "**THAT** conditional upon the passing of Ordinary Resolutions No.1 to No. 3 set out in the notice convening the Meeting:

(i) the authorised share capital of the Company be and is hereby increased from HK$100,000,000 to HK$120,000,000 by the creation of 2,000,000,000 non-redeemable convertible preference shares of HK$0.01 each ("Convertible Preference Shares"), having the rights and restrictions as set out in the amendments to the articles of association of the Company under Special Resolution No. 8 set out in the notice convening the Meeting, such that following such increase, the authorised share capital of the Company will be HK$120,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each and 2,000,000,000 Convertible Preference Shares; and

(ii) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign and execute all such documents, instruments and agreements, and to do all such acts or things, as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with item (i) of this Ordinary Resolution."

SPECIAL RESOLUTIONS

6. "**THAT** conditional upon the passing of Ordinary Resolutions No.1 to No. 3 set out in the notice convening the Meeting:

(i) the English name of the Company be changed to "CIMC Enric Holdings Limited" and the Chinese name of the Company be changed to "中集安瑞科控股有限公司"; and

(ii) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign and execute all such documents, instruments and agreements, and to do all such acts or things, as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with item (i) of this Special Resolution."

7. "**THAT** conditional upon the passing of Ordinary Resolutions No.1 to No. 3 and No. 5 and Special Resolution No. 6 set out in the notice convening the Meeting, the existing memorandum of association of the Company be and is hereby amended in the following manner:

(i) By deleting the existing name of the Company "Enric Energy Equipment Holdings Limited 安瑞科能源裝備控股有限公司" wherever it appears in the memorandum of association and replacing it with "CIMC Enric Holdings Limited 中集安瑞科控股有限公司"; and

(ii) Clause 8

By deleting the clause in its entirety and replacing it with the following:

"The share capital of the Company is HK$120,000,000, comprising 10,000,000,000 ordinary shares of a nominal or par value of HK$0.01 each and 2,000,000,000 non-redeemable convertible preference shares of a nominal or par value of HK$0.01 each."

8. "**THAT** conditional upon the passing of Ordinary Resolutions No.1 to No. 3 and No. 5 and Special Resolution No. 6 set out in the notice convening the Meeting, the existing articles of association of the Company be and are hereby amended in the following manner:

(i) By deleting the existing name of the Company wherever it appears in the articles of association and replacing it with "CIMC Enric Holdings Limited 中集安瑞科控股有限公司"

(ii) Article 2(1)

By inserting the following definitions:

"Ordinary Share(s)"	an ordinary share of a par value of $0.01 per share in the capital of the Company (or, if there has been a sub-division, consolidation, reduction, re-classification or re-construction of the ordinary share capital of the Company, such ordinary shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, reduction, re-classification or re-construction) with such rights and restrictions as set out in these Articles

"Convertible Preference Share(s)"	2,000,000,000 non-redeemable convertible preference shares of a par value of $0.01 per share in the capital of the Company (or, if there has been a sub-division, consolidation, reduction, re-classification or re-construction of the non-redeemable convertible preference share capital of the Company, such non-redeemable convertible preference shares forming part of the non-redeemable convertible preference share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, reduction, re-classification or re-construction) with such rights and restrictions as set out in Article 9A
"share(s)"	any share in the capital of the Company (including the Ordinary Shares and Convertible Preference Shares)

(iii) Article 3

By deleting the sub-paragraph (1) in its entirety and replacing it therewith the following:

"Unless otherwise determined in accordance with these Articles, the share capital of the Company shall comprise Ordinary Shares and Convertible Preference Shares."

(iv) New Article 9A

By inserting the terms of the New Convertible Preference Shares as a new Article 9A immediately after Article 9 as follows:

"9A. The Convertible Preference Shares shall have the following rights and restrictions and subject to the following conditions:

(1) **Definitions**

For the purpose of this Article 9A:

"**Business Day**"	means a day (not being a Saturday) on which banks are open for general banking business in the Hong Kong Special Administrative Region of the People's Republic of China;
"**Conversion Period**"	means, in relation to any Convertible Preference Share, the period commencing on the date of allotment and issue of such Convertible Preference Share and ending on the date the Company passes a voluntary winding up resolution or is otherwise placed into liquidation;

"**Conversion Right**"	means the right of Convertible Preference Shareholders to convert their Convertible Preference Shares into Ordinary Shares;
"**Convertible Preference Shareholder(s)**"	means a person registered from time to time in the register of Members as a holder of any, where the context so admits or requires, the Convertible Preference Share.

(2) **Entitlement to Dividend**

The Convertible Preference Shareholders are entitled to participate pari passu in any dividends payable to the holders of the Ordinary Shares on a pro rata as-if-converted basis.

(3) **Return of Capital**

On a return of capital on winding up or otherwise (but not on any conversion of Convertible Preference Shares or any repurchase by the Company of Convertible Preference Shares or Ordinary Shares), the assets of the Company available for distribution among the Members shall be applied as follows:

(a) First, such assets shall be applied towards repayment of an amount equal to the aggregate of the paid up (or credited as paid up) amounts of all of the Convertible Preference Shares; and

(b) Secondly, the balance of such assets shall belong to and be distributed among the holders of the Ordinary Shares and other classes of shares of the Company currently or to be created in future in the capital of the Company. The Convertible Preference Shareholders shall not have the right to participate in such remaining assets.

(4) **Voting**

(a) The Convertible Preference Shareholders shall not be entitled to vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed at a general meeting which if passed would (subject to any consents required for such purpose being obtained) vary, modify or abrogate the rights or privileges of the Convertible Preference Shareholders, in which event the Convertible Preference Shares shall confer on the holders thereof the right to receive Notice of, and to attend, participate and vote, such that one Convertible Preference Share shall confer one vote either in person or by proxy at that general meeting, except that such holders may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment and the particular resolution for winding-up of the Company or any resolution which if passed would (subject to any consents required for such purpose being obtained) vary, modify or abrogate the rights and privileges of the Convertible Preference Shareholders; and

(b) Notwithstanding paragraph (4)(a) in this Article 9A, each Convertible Preference Shareholder shall be entitled to receive copies of all Notices of any general meeting of the Company and shall be entitled to attend the same, whether or not it has a right to vote thereat.

(5) **Conversion**

(a) At any time during the Conversion Period, a Convertible Preference Shareholder may serve a Notice on the Company to convert all or such number of the New Convertible Preference Shares in multiples of 1,000,000 Convertible Preference Shares held by it and the balance thereof into Ordinary Shares whereupon the Company shall cause to be allotted and issued to such Convertible Preference Shareholder such number of Ordinary Shares as shall be equal to the number of Convertible Preference Shares, subject to adjustment as set out in paragraph (8) below;

(b) Conversion of the Convertible Preference Shares as aforesaid during the Conversion Period shall be effected in such manner as the Directors shall, subject to these Articles and the Law, from time to time determine. In the event the conversion is on a one for one basis as set out in paragraph (5)(a) above without any adjustment, the conversion shall be effected by way of re-designation and all Convertible Preference Shares to be converted shall automatically be re-classified and re-designated as Ordinary Shares without the further approval of the Members on the date of conversion to be determined by the Directors;

(c) Upon conversion of any Convertible Preference Shares into Ordinary Shares, the Company shall cause the share certificates in respect of the relevant Ordinary Shares to be delivered to the relevant Convertible Preference Shareholder and the relevant Convertible Preference Shareholder shall surrender the certificates in respect of the relevant Convertible Preference Shares held by it for cancellation, in each case, as soon as reasonably practicable and in any event within five Business Days from the date of the service of the notice of conversion given by such Convertible Preference Shareholder;

(d) In the event of any fraction of a whole number of Ordinary Shares in the case of a conversion, such fraction shall be rounded down to the nearest whole number of the Ordinary Share;

(e) The Convertible Preference Shareholders shall not exercise the conversion rights as to such number of Convertible Preference Shares if upon the conversion thereof, the percentage of the Ordinary Shares held by the public would drop below the minimum public float requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited applicable to the Company from time to time; and

(f) All Notices served pursuant to paragraph 5(a) in this Article 9A shall be in writing and shall be deemed to have been served after two Business Days of posting if sent by registered post, in the case of Notice to the Company to the principal place of business of the Company in Hong Kong and in the case of Notice to any Convertible Preference Shareholder, to the address recorded in the register of holders of the Convertible Preference Shares kept by the Company.

(6) **Non-Redemption**

All Convertible Preference Shares are non-redeemable by the Company and the holders of the Convertible Preference Shares shall have no right to request the Company to redeem any of the Convertible Preference Shares.

(7) **Transfer**

The Convertible Preference Shares shall be transferable by an instrument of transfer in any usual or common form or such other form as may be approved by the Board.

(8) **Adjustment**

(a) If, while any of the Convertible Preference Shares remain outstanding, the Company shall sub-divide or consolidate the Ordinary Shares, the number of Ordinary Shares into which the Convertible Preference Shares may be converted on any subsequent conversion shall in the case of a sub-division be increased or in the case of a consolidation be reduced proportionately;

(b) If, while any of the Convertible Preference Shares remain outstanding, the Company shall make any bonus issue by way of capitalisation of profits or reserves (including any share premium account) to Members, then, in any such event, such issue shall be made in the form of fully paid Ordinary Shares and provision shall be made so that, upon conversion of any Convertible Preference Shares thereafter, the holder of such Convertible Preference Shares shall receive, in addition to the number of Ordinary Shares fall to be issued upon such conversion, the amount of Ordinary Shares which such holder would have received had the Convertible Preference Shares been converted into Ordinary Shares immediately prior to such event, all subject to further adjustment as provided herein; and

(c) A certificate by the Company as to any appropriate adjustment to be made as a result of the provisions of this paragraph (8) in this Article 9A, shall be sent within 28 days of the event resulting in such adjustment to the Convertible Preference Shareholders and shall be conclusive and binding."

(v) Article 103

By deleting the existing Article 103(1)(v) in its entirety and replacing it with the following:

"any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as a shareholder or in which the Director or any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate is derived); or"

By deleting the existing Article 103(3) in its entirety and replacing it with the following:

"(i) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction; or (ii) where a company in which a Director holds directorship or senior management position is materially interested in a transaction, then such Director shall also be deemed to be materially interested in such transaction."

(vi) New Article 103A

By inserting a new Article 103A immediately after Article 103 as follows:

"103A. In addition, and without limitation to the foregoing, any such Director shall excuse himself from any meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolutions where any contract or arrangement or other proposal in which he or any of his associate is materially interested is discussed or resolved, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by the remaining Directors."

By order of the Board
Enric Energy Equipment Holdings Limited
Zhao Qingsheng
Chairman

Hong Kong, 3 June 2009

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

Principal place of business in Hong Kong:
Room 3104, 31st Floor
Tower One
Lippo Centre
No.89 Queensway
Hong Kong

Notes:

(1) Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

(2) Where there are joint registered holders of any share in the Company, any one of such joint holder may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(3) In order to be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be returned to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 4:00 p.m. on 23 June 2009 or not less than 48 hours before the time appointed for any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting or any adjourned meeting if the member so desires.

(4) All votes of members, whether in person or by proxy, at the meeting will be taken by way of poll.

(5) As at the date of this notice, the board of the Company consists of Mr. Zhao Qingsheng (Chairman), Mr. Jin Yongsheng (Chief Executive Officer), Mr. Wu Fapei, Mr. Jin Jianlong, Mr. Yu Yuqun, Mr. Shi Caixing and Mr. Qin Gang as executive directors and Mr. Wong Chun Ho, Mr. Gao Zhengping and Mr. Shou Binan as independent non-executive directors.