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

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眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8156)

DISCLOSEABLE TRANSACTION

INVOLVING PURCHASE OF SHARES IN APTUS HOLDINGS LIMITED

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

* For identification purpose only

22 December 2006

CHARACTERISTICS OF GEM

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

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CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
The Purchases	4
Reasons for the Purchases	5
Listing Rules Implications	5
Change in Shareholding of Aptus.	6
Financial Effect of Purchases on the Group	6
Further Information	6
Appendix – General Information	7

DEFINITIONS

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

Announcement	an announcement of the Company dated 4 December 2006 in which the Company announced that during the period from 23 November 2006 to 4 December 2006, the Company has, through Precise, acquired a total of 43,720,000 Aptus Shares on the Stock Exchange for an aggregate consideration of HK\$75,045,500
“Aptus”	Aptus Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM
“Aptus Directors”	the directors of Aptus
“Aptus Group”	Aptus and its subsidiaries
“Aptus Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Aptus
“Board”	the board of Directors
“Company”	China Vanguard Group Limited (formerly known as B & B Group Holdings Limited), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM, the ultimate shareholder of Aptus holding approximately 58.24% equity interests in Aptus after settlement of all Purchases and as at the Latest Practicable Date
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“km.”	kilometers

DEFINITIONS

“Latest Practicable Date”	19 December 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“PRC”	the People’s Republic of China
“Precise”	Precise Result Profits Limited, a wholly-owned subsidiary of China Success Enterprises Limited which in turn is a wholly-owned subsidiary of the Company
“Purchases”	the series of purchases of 43,720,000 Aptus Shares in total on the Stock Exchange from 23 November 2006 to 4 December 2006 as detailed in the Announcement and the further purchases of 12,455,000 Aptus Shares in aggregate from 5 December 2006 to 18 December 2006
“Purchased Shares”	56,175,000 Aptus Shares, in aggregate, purchased under the Purchases
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading Day”	a day on which the Stock Exchange is open for trading
“Warrants”	the 124,810,561 warrants issued by the Company on 1 November 2006 entitling holders thereof to subscribe for, in aggregate, 124,810,561 the Shares at an initial exercise price of HK\$1.33 per the Share (subject to adjustment) during the period commencing from 3 November 2006 to 2 November 2008
“%”	per cent.

LETTER FROM THE BOARD



眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8156)

Executive Directors:

Madam Cheung Kwai Lan
Mr. Chan Tung Mei
Mr. Chan Ting
Mr. Lau Hin Kun

Registered office:

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

Independent non-executive Directors:

Mr. Tian He Nian
Mr. Zhao Zhi Ming
Mr. To Yan Ming, Edmond

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

30th Floor, Sunshine Plaza
353 Lockhart Road
Hong Kong

22 December 2006

*To the Shareholders and, for information only, holders of Warrants
and outstanding options granted under the share option scheme of the Company*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION INVOLVING PURCHASE OF SHARES IN APTUS HOLDINGS LIMITED

INTRODUCTION

By the Announcement dated 4 December 2006, the Company announced that during the period from 23 November 2006 to 4 December 2006, the Company has, through Precise, an indirect wholly-owned subsidiary of the Company acquired a total of 43,720,000 Aptus Shares on the Stock Exchange for an aggregate consideration of HK\$75,045,500. Subsequent to the publication of the Announcement, the Company has, through Precise, further acquired an aggregate of 12,455,000 Aptus Shares during the period from 5 December 2006 to 18 December 2006 for a total consideration of HK\$21,520,550. The Purchased Shares, in aggregate, represent approximately 3.36% of the issued share capital of Aptus, an indirect non wholly-owned subsidiary of the Company through Precise, as at the Latest Practicable Date. As a result of the Purchases and upon their settlement, Precise' direct and the Company's indirect interest in Aptus has increased by approximately 3.36 percentage points from holding approximately 54.88% to approximately 58.24% of the issued share capital of Aptus.

The purpose of this circular is to provide you with further details of the Purchases and other general information of the Group.

* For identification purpose only

LETTER FROM THE BOARD

THE PURCHASES

Date: During the period from 23 November 2006 to 4 December 2006 as detailed in the Announcement and during the period from 5 December 2006 to 18 December 2006.

Purchaser: Precise, an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' and the Aptus Directors' knowledge, information and belief having made all reasonable inquiries, the vendors to the Purchased Shares are independent third parties, and are not connected persons (as defined in the GEM Listing Rules), of Aptus, the Company or any of their connected persons.

Subject of Purchases: 56,175,000 Aptus Shares in total, representing approximately 3.36% of the issued share capital of Aptus as at the Latest Practicable Date. The Purchased Shares were acquired on the Stock Exchange. Details of the Purchases are set out as follows:

Purchase Date (2006)	No. of Aptus Shares purchased	Total consideration HK\$	Average price per Purchased Share HK\$
23 November	1,260,000	2,029,700	1.610
24 November	4,285,000	6,894,000	1.610
28 November	5,960,000	10,357,350	1.738
29 November	5,700,000	9,955,400	1.747
30 November	2,900,000	5,046,000	1.740
1 December	20,000,000	34,107,900	1.705
4 December	3,615,000	6,655,150	1.841
5 December	1,305,000	2,413,800	1.850
6 December	3,000,000	5,300,000	1.767
8 December	1,120,000	1,908,000	1.704
12 December	955,000	1,670,150	1.749
13 December	4,445,000	7,586,050	1.707
14 December	30,000	50,550	1.685
18 December	1,600,000	2,592,000	1.620
	<u>56,175,000</u>	<u>96,566,050</u>	

Consideration: In aggregate, HK\$96,566,050 at an average price per Aptus Share of HK\$1.719. Precise made the Purchases in the price range of HK\$1.60 to HK\$1.87 per Aptus Share.

Settlement: Settlement of the Purchased Shares took place on the second Trading Day after each of the Purchases made by Precise by cash from internal resources. As at the Latest Practicable Date, Aptus remains as an indirect non wholly-owned subsidiary of the Company and the accounts of Aptus will continue to be consolidated with that of the Company.

LETTER FROM THE BOARD

REASONS FOR THE PURCHASES

Since early 2006, the Group had been embarking on various acquisitions to develop its presence in the fast growing lottery-related industry and oil and gas related industries in the PRC. The Group intends to principally engage in the research, development and application of information technology in the lottery sector and the oil and gas business in the PRC.

The Aptus Group is principally engaged in the business of trading of edible oil and operation of oil and gas related business. In setting the pace for the Group's oil and gas related operations, in January 2006, the Aptus Group completed the acquisition of 70% equity interests in CNPC Huayou Cu Energy Investment Co. Ltd., a sino foreign co-operative joint venture enterprise established in the PRC, in return for a profit sharing rights in the Xin Jiang Oilfield (the **"Xin Jiang Oilfield Project"**). In July 2006, the Group entered into two agreements to make capital contributions to Hunan Huayou Natural Gas Transportation and Distribution Company Limited (a provincial level natural gas pipeline project which involves the construction of 187km. natural gas pipeline extending from Changsha City to Changde City) (the **"Hunan Project"**) and Changde Huayou Gas Co., Ltd (a city level natural gas pipeline project for the carrying on of gas pipeline design, supply, development and management of natural gas pipelines and distribution facilities in the PRC) (the **"Changde Project"**).

In relation to the Hunan Project, the Changsha City to Changde City pipeline has already been completed and is expected to be in commercial operation by the end of 2006. This pipeline is expected to facilitate and also benefit from fast growing gas demand in Hunan Province. Regarding the Changde Project, when the Changsha City to Changde City pipeline comes onstream, natural gas from this pipeline will replace the reconstituted liquid natural gas as a source of gas. This is expected to improve logistics and operational efficiency as well as lower costs and end prices to the consumers thereby facilitating growth.

Having considered the business outlook of Aptus above, Precise, with the Directors (including the independent non-executive Directors) concurring, have confidence in the future operations of Aptus and the Directors (including the independent non-executive Directors) consider that the Purchases to be fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

Based on Aptus's annual report for the year ended 30 June 2006 and for the nine months ended 30 June 2005, net loss (before and after taxation and extraordinary items) of Aptus for the year ended 30 June 2006 were both approximately HK\$41 million and for the nine months ended 30 June 2005 were both approximately HK\$3.7 million. Aptus recorded a net asset value of approximately HK\$43.5 million and approximately HK\$13 million as at 30 June 2006 and 30 June 2005 respectively. Despite the loss, the Aptus Board considers, which the Board concurs, that when the Xin Jiang Oilfield Project commences and the Hunan Project and the Changde Project are put in place, the newly acquired businesses will begin to make tangible contributions to the Aptus Group's and the Group's performance.

LISTING RULES IMPLICATIONS

The Purchases, in aggregate, constitute a discloseable transaction on the part of the Company under Rule 19.06 of the GEM Listing Rules.

LETTER FROM THE BOARD

CHANGE IN SHAREHOLDING OF APTUS

The following table summarises the shareholding structure of Aptus immediately prior to the first Purchase made on 23 November 2006 and after settlement of all Purchases:

Name of Shareholder	Immediately prior to the first Purchase made on 23 November 2006		After settlement of all Purchases as at the Latest Practicable Date	
	No. of Aptus Shares	Approximate % of issued share capital of Aptus	No. of Aptus Shares	Approximate % of issued share capital of Aptus
Precise (<i>Note</i>)	915,571,428	54.88%	971,746,428	58.24%
Public	752,870,000	45.12%	696,695,000	41.76%
Total	1,668,441,428	100.00%	1,668,441,428	100.00%

Note:

Precise is a wholly-owned subsidiary of China Success Enterprises Limited which in turn is a wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Company was owned as to approximately 38.64% by Best Frontier Investments Limited which in turn is owned by Madam Cheung Kwai Lan and Mr. Chan Tung Mei as to 99.89% and 0.11%, respectively. Madam Cheung Kwai Lan is the spouse of Mr. Chan Tung Mei. Accordingly, Madam Cheung Kwai Lan and Mr. Chan Tung Mei are deemed to be interested in the Aptus Shares under the SFO referred to herein.

Besides, Madam Cheung Kwai Lan held 2,070,000 Shares as at the Latest Practicable Date.

FINANCIAL EFFECT OF PURCHASES ON THE GROUP

On the basis of an increase in stake in Aptus of 3.36 percentage points and since Aptus is already and will remain as an non-wholly owned subsidiary of the Company, there will not be significant impact on the Group's earnings, assets and liabilities as a result of the Purchases.

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the board of
China Vanguard Group Limited
Chan Ting
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS’ INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares of the Company or any of its associated corporations

Name of Directors	Company/ Name of associated corporation	Interest in controlled corporation	Number of shares held			Approximate percentage of shareholding
			Beneficial owner	Family interest	Total interest	
Cheung Kwai Lan	Company	361,695,000 (Note 1)	2,070,000 (Note 2)	–	363,765,000	38.86%

Name of Directors	Company/ Name of associated corporation	Interest in controlled corporation	Number of shares held			Approximate percentage of shareholding
			Beneficial owner	Family interest	Total interest	
Chan Tung Mei	Company	–	–	363,765,000 (Notes 1 & 2)	363,765,000	38.86%
Lau Hin Kun	Company	–	575,000	–	575,000	0.06%
Cheung Kwai Lan	Best Frontier Investments Limited	–	909	1 (Note 3)	910	–
Chan Tung Mei	Best Frontier Investments Limited	–	1	909 (Note 3)	910	–
Cheung Kwai Lan	Aptus Holdings Limited	971,746,428 (Note 4)	–	–	971,746,428	58.24%
Chan Tung Mei	Aptus Holdings Limited	–	–	971,746,428 (Note 4)	971,746,428	58.24%

- Notes:
1. The 361,695,000 Shares are owned by Best Frontier Investments Limited (“**Best Frontier**”) which is owned as to 99.89% and 0.11% by respectively Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other. Accordingly, Madam Cheung Kwai Lan is deemed to be interested in the Shares held by Best Frontier and Mr. Chan Tung Mei is deemed to be interested in all 363,765,000 Shares by virtue of being the spouse of Madam Cheung Kwai Lan under the SFO.
 2. The 2,070,000 Shares are owned by Madam Cheung Kwai Lan who is the spouse of Mr. Chan Tung Mei. Accordingly, Mr. Chan Tung Mei is deemed to be interested in the Shares under the SFO.
 3. The 1 share and 909 shares of US\$1 each in Best Frontier is owned respectively by Mr. Chan Tung Mei and Madam Cheung Kwai Lan who are spouse to each other. Accordingly, Madam Cheung Kwai Lan and Mr. Chan Tung Mei are deemed to be interested in the shares held by each other under the SFO.
 4. Madam Cheung Kwai Lan and Mr. Chan Tung Mei have equity interests of 99.89% and 0.11% respectively of the issued share capital of Best Frontier. Madam Cheung Kwai Lan and Mr. Chan Tung Mei are spouse to each other. Accordingly, Madam Cheung Kwai Lan is deemed to be 100% interested in the shares of Best Frontier, and Mr. Chan Tung Mei is also deemed to be interested in the shares of Best Frontier by virtue of being the spouse of Madam Cheung under the SFO. As at the Latest Practicable Date, Best Frontier is interested in approximately 38.64% of the issued share capital of the Company which in turn holds directly 100% shareholding of China Success Enterprises Limited and holds indirectly 100% shareholding of Precise, the company directly holding 971,746,428 Aptus Shares of which, up to 48,750,000 Aptus Shares may be lent to Evolution Master Fund Ltd. Spc, Segregated Portfolio M pursuant to a stock lending agreement dated 22 November 2006.

(2) Share options of the Company

The Company has adopted a share option scheme on 18 October 2002 (the “**Share Option Scheme**”), under which the Board may, at its discretion, invite any persons who satisfies the criteria of the Share Option Scheme, to take up options to subscribe for Shares.

The Share Option Scheme will remain valid for a period of 10 years commencing from 18 October 2002.

		Number of options and number of Shares entitled pursuant to full exercise of the options held as at the Latest Practicable Date	
Name of Director	Capacity	Date of grant	
Cheung Kwai Lan	Beneficial owner	23/11/2006	6,240,000
Chan Tung Mei	Beneficial owner	23/11/2006	6,240,000
Chan Ting	Beneficial owner	23/11/2006	6,240,000
Lau Hin Kun	Beneficial owner	18/8/2004	1,600,000
	Beneficial owner	23/11/2006	1,400,000
Tian He Nian	Beneficial owner	23/11/2006	1,050,000
Zhao Zhi Ming	Beneficial owner	23/11/2006	1,050,000
To Yan Ming, Edmond	Beneficial owner	23/11/2006	1,050,000

(3) Long positions in underlying Shares

By an announcement dated 29 September 2006, the Board announced, among other matters, that it had resolved to propose to issue Warrants to qualifying Shareholders on the basis of one Warrant for every five then existing Shares. The Warrants are exercisable at an initial exercise price of HK\$1.33 per Share for a subscription period of two years, i.e. up to and including 2 November 2008. The Warrants were issued to the qualifying Shareholders on 1 November 2006. Each Warrant entitles the holder thereof to subscribe for one Share. For further details, please refer to the circular of the Company dated 6 October 2006.

		Number of Warrants and number of Shares entitled pursuant to the full exercise of the Warrants held as at the Latest Practicable Date
Name of Directors	Capacity	
Cheung Kwai Lan	Beneficial owner	276,000
Lau Hin Kun	Beneficial owner	90,000

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest 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 were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

(1) Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares held		Approximate percentage of shareholding
		Long position	Short position	
Best Frontier Investments Limited	Beneficial owner	361,695,000 (Note 1)	–	38.64%
Oppenheimer Funds, Inc.	Investment manager	165,000,000	–	17.63%
Haven Associates Limited	Interest in controlled corporation	69,900,000 (Note 2)	–	7.47%
Shaw Kyle Arnold Junior	Interest in controlled corporation	69,900,000 (Note 2)	–	7.47%
Deutsche Bank Aktiengesellschaft	Beneficial owner and person having a security interest in the Shares	44,545,000 (Note 3)	–	4.76%

Notes:

1. The 361,695,000 Shares are owned by Best Frontier Investments Limited which is owned as to 99.89% and 0.11% respectively by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other.
2. The 69,900,000 Shares represent:

(a) 1,545,000 Shares beneficially owned by Shaw, Kwei & Partners (Asia) Ltd.

- (b)

36,930,000 Shares beneficially owned by China Value Investment Limited which is wholly-owned by Asian Value Investment Fund L. P. (AVIF, L.P.), a limited liability partnership, whose general partner Shaw, Kwei & Partners (Asia) Ltd. (having a 1% interest in AVIF, L.P.) is deemed under the SFO to have interest in the same 36,930,000 Shares.
- (c)

31,425,000 Shares beneficially owned by Javelin Capital Holdings Limited which is wholly-owned by Asian Value Investment Fund II, L.P. (AVIF II, L.P.), a limited liability partnership, whose general partner SKP Capital Limited (having a 1.19% interest in AVIF II, L.P.) is deemed under the SFO to have interest in the same 31,425,000 Shares.
- (d)

Haven Associates Limited, a company controlled by Mr. Shaw Kyle Arnold Junior, a former Director who had been retired from his office after the conclusion of the Company’s annual general meeting held on 24 October 2006, is the controlling shareholder of Shaw, Kwei & Partners (Asia) Ltd. and SKP Capital Limited.
3.

Of the 44,545,000 Shares, 10,902,500 Shares are held as beneficial owner and the remaining 38,269,500 Shares are held as person having a security interest in the Shares. Other than 44,545,000 Shares, Deutsche Bank Aktiengesellschaft also holds 4,627,000 Warrants as person having a security interest in the Warrants; details of which are set out under the heading “Long positions in underlying Shares” below. The aggregate of 44,545,000 Shares and 4,627,000 Shares to be issued upon the exercise of the subscription rights attaching to 4,627,000 Warrants represents approximately 5.25% of the issued share capital of the Company.

(2) Share options of the Company

		Number of options and number of Shares entitled pursuant to full exercise of the options held as at the Latest Practicable Date
Name of Shareholder	Date of grant	
Shaw Kyle Arnold Junior	19/10/2004	1,200,000 (<i>Note</i>)

Note:

The share options of the Company were granted to Mr. Shaw Kyle Arnold Junior when he was a non-executive Director. Mr. Shaw Kyle Arnold Junior has retired from his office on 24 October 2006 and those share options will lapse in six months time from 24 October 2006, the date on which he retired from his office, if not exercised under the Share Option Scheme.

(3) Long positions in underlying Shares

		Number of Warrants and number of Shares entitled pursuant to the full exercise of the Warrants held as at the Latest Practicable Date
Name of Shareholders	Capacity	
Best Frontier Investments Limited	Beneficial owner (Note 1)	48,226,000
Oppenheimer Funds, Inc.	Investment manager	22,000,000
Deutsche Bank Aktiengesellschaft	Beneficial owner and person having a security interest in Shares	4,627,000
Haven Associates Limited	Interest in controlled corporation (Note 2)	9,320,000
Shaw Kyle Arnold Junior	Interest in controlled corporation (Note 2)	9,320,000

Notes:

1. The 48,226,000 Warrants are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other respectively.
2. The 9,320,000 Warrants represent:

(a) 206,000 Warrants beneficially owned by Shaw, Kwei & Partners (Asia) Ltd.

(b) 4,924,000 Warrants beneficially owned by China Value Investment Limited which is wholly-owned by Asian Value Investment Fund L. P. (AVIF, L.P.), a limited liability partnership, whose general partner Shaw, Kwei & Partners (Asia) Ltd. (having a 1% interest in AVIF, L.P.) is deemed under the SFO to have interest in 4,924,000 Warrants.

(c) 4,190,000 Warrants beneficially owned by Javelin Capital Holdings Limited which is wholly-owned by Asian Value Investment Fund II, L.P. (AVIF II, L.P.), a limited liability partnership, whose general partner SKP Capital Limited (having a 1.19% interest in AVIF II, L.P.) is deemed under the SFO to have interest in 4,190,000 Warrants.

(d) Haven Associates Limited, a company controlled by Mr. Shaw Kyle Arnold Junior, a former Director who had been retired from his office after the conclusion of the Company’s annual general meeting held on 24 October 2006, is the controlling shareholder of Shaw, Kwei & Partners (Asia) Ltd. and SKP Capital Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest 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, was, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. LITIGATION

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

5. SERVICE CONTRACTS

None of the Directors had entered into any service agreements with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group nor are there any conflicts of interest which any such persons have with the Group.

7. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the head office and principal place of business of the Company is at 30th Floor, Sunshine Plaza, 353 Lockhart Road, Hong Kong. The branch share registrar and transfer office of the Company is Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The compliance officer of the Company is Mr. Chan Ting.
- (c) The company secretary of the Company is Mr. Tsui Wing Tak. Mr. Tsui holds a bachelor's degree in economics from Macquarie University, Australia. Mr. Tsui is a member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia.

- (d) The qualified accountant of the Company is Mr. Kwan Yiu Ming, Patrick. Mr. Kwan holds a bachelor degree of commerce in accounting from the Curtin University of Technology in Australia. Mr. Kwan is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (e) The Company established an audit committee on 18 October 2002 comprising three independent non-executive Directors with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The details of the members are as follows:

Mr. Tian He Nian, aged 66, an independent non-executive Director. He was the deputy head of the Department of United Front Work of the Central Government of the PRC from 1998 to 2003. He is the vice-chairman of China Overseas Association. He is also an independent non-executive director and audit committee member of Aptus. He joined the Group in November 2004.

Mr. Zhao Zhi Ming, aged 64, an independent non-executive Director. He is the committee member of the Specialist Committee of the China Development Bank and a Professor of Liaoning Technical University. After graduation from Liaoning Technical University in 1965, he had worked for several governmental authorities of the PRC, such as Tianjin Government, National Energy Investment Company of the PRC and China Development Bank. Mr. Zhao had been engaged in the general management, investment, review and approval, and risk management of some sizable national infrastructure projects in the PRC. He has extensive knowledge of and experience in management, investment and capital markets. He is also an independent non-executive director and audit committee member of Aptus. He joined the Group in December 2005.

Mr. To Yan Ming, Edmond, aged 34, an independent non-executive Director. He holds a bachelor degree in commerce in accounting from Curtin University of Technology in Western Australia. He is a practicing accountant and presently the director of Fortitude C.P.A. Limited, Certified Public Accountants. He is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. He had worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 8 years of experience in auditing, accounting, flotation and taxation matters. He is also an independent non-executive director and audit committee member of Aptus. He joined the Group in January 2006.

- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.