

**SINO GAS GROUP LTD:
ANOTHER WEEK, ANOTHER CONUNDRUM**

More and more little nasties are being dug up in the garden of [Sino Gas Group Ltd \(中油潔能集團有限公司\)](#) (Code: 260, Main Board, The Stock Exchange of Hongkong Ltd), following **TARGET**'s exclusive story of last Friday (Please see **TARGET** Intelligence Report, Volume VII, Number 194).

Last week, it was the turn of a Mr Zhang Yan (張雁), who alleged that he lent \$HK2.50 million to Sino Gas on October 12, 2004, that date, being about 3 months prior to CATIC International Holdings Ltd (中國航空技術國際控股有限公司) (Code: 232, Main Board, The Stock Exchange of Hongkong Ltd), taking control of the company.

This week, Sino Gas is suing, what appears to be 2 gentlemen of the People's Republic of China (PRC), who are said to have residences in Wanchai, at Convention Plaza.

These gentlemen are Messrs Zhang Jia Hua and Wen Fu Rong.

The Statement of Claim, attached to Writ of Summons Number 2001, alleges that the Defendants are '*business associates*' of Sino Gas.

It is being alleged that there were 2 loan agreements, dated April 16, 2004, and September 17, 2004, in the amount of \$HK2.30 million and \$HK12 million, respectively.

Interest on the loans was at the rate of 4 percent per annum, it is stated.

Today, it is alleged that Sino Gas cannot get back its money from the 2 gentlemen of the PRC.

The loans were given to Messrs Zhang Jia Hua and Wen Fu Rong, it is noted by **TARGET**, prior to CATIC International, coming into the Sino Gas picture because this PRC, State-owned and controlled company only acquired a controlling interest in Sino Gas in January 2005.

It is, also, noted that the alleged \$HK12-million loan, afforded to Messrs Zhang Jia Hua and Wen Fu Rong, was executed about one month before Mr Zhang Yan allegedly lent \$HK2.50 million to Sino Gas.

Which raises the question, of course, as to the extent of the business acumen of the previous Management of Sino Gas.

Also, for what reason would this publicly listed company lend \$HK12 million to 2 '*business associates*' and, then, be so starved for cash that it would be forced to borrow \$HK2.50 million within one month of lending that material amount of money to 2 '*business associates*'?

(**TARGET** is making the assumption ... [CLICK TO ORDER FULL ARTICLE](#))

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