



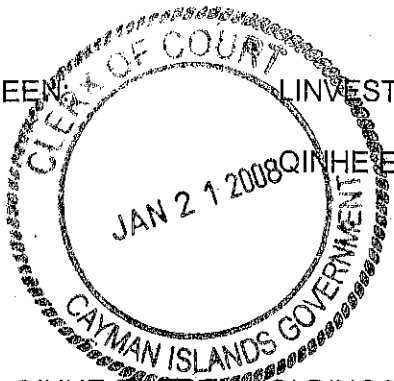
IN THE GRAND COURT OF THE CAYMAN ISLANDS

60026

CAUSE NO: OF 2008

BETWEEN: LINVEST ENERGY HOLDINGS LIMITED PLAINTIFF

AND: QINHE ENERGY HOLDINGS LIMITED DEFENDANT



WRIT OF SUMMONS

TO: QINHE ENERGY HOLDINGS LIMITED
c/o Codan Trust Company (Cayman) Limited
PO Box 2681 GT
Cricket Square, Hutchins Drive,
George Town, Grand Cayman

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiffs in respect of the claim set out on the next page.

Within 14 days after the service of this writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, P.O. Box 496G, George Town, Grand Cayman, the accompanying Acknowledgement of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgement within the time stated, or if you return the Acknowledgement without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this 21st day of January 2008.

NOTE – This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgement of Service are given with the accompanying form

General Endorsement

1. Linvest Energy Partners L.P. is an exempted limited partnership incorporated in the Cayman Islands with its registered office at c/o Walkers SPV Limited, PO Box 908 GT, Walker House, 87 Mary Street, George Town.
2. Linvest Energy Partners L.P. acts through its general partner, Linvest Energy Partners Inc, which is a company incorporated in the Cayman Islands with its registered office at c/o Walkers SPV Limited, PO Box 908 GT, Walker House, 87 Mary Street, George Town (together "**Linvest**").
3. Qinhe Energy Holdings Ltd ("**Qinhe**") is an exempted limited company incorporated in the Cayman Islands with its registered office at c/o Codan Trust Company (Cayman) Limited, PO Box 2681 GT.
4. On 10 September 2006, Linvest, Qinhe, Mr Lu Zhonglou, the principal of Qinhe and China Energy International Investment Corp entered into a convertible note purchase agreement. The convertible note agreement was amended on 26 September 2006 and 27 September 2006 ("the Note Purchase Agreement").
5. On 26 September 2006, in exchange for an investment of US\$20 million from Linvest, Qinhe issued a convertible note (the "Convertible Note").

Particulars

- (a) The Convertible Note was convertible into ordinary shares in Qinhe, inter alia, after the delivery by of its 2005 Audited Accounts: clause 4.1(a) of the Convertible Note;
 - (b) Qinhe covenanted to execute and deliver, or cause to be executed or delivered, at Linvest's expense, such additional documents, instruments and agreements as Linvest may determine necessary to carry out the provisions of the Convertible Note: clause 5.1(d).
6. Linvest and Qinhe (and others) also entered into a Shareholders' and Note Holders' Agreement. On 1 February 2007 the Shareholders' and Note Holders' agreement was amended and re-stated ("the S&N Agreement").

Particulars

- (a) Linvest was given the right to appoint a director to the board of Qinhe: clause 5.2(a) of the S&N Agreement;
 - (b) Linvest's right to have an appointee on the Board of Qinhe was to continue as long as Linvest held the Convertible Note or 10% of the ordinary shares in Qinhe to which the Note would convert: clause 5.2(b) of the S&N Agreement;
 - (c) Linvest's express consent is required for any action is taken which has the effect of diluting or reducing the effective shareholding of Linvest on an as converted basis in Qinhe: clause 5.6 and Schedule 1(h) of the S&N Agreement.
7. The Note Purchase Agreement, the Convertible Note and the S&N Agreement were entered into on the understanding the Linvest was making an equity investment into Qinhe.
 8. By letters dated 23 May 2007 and 28 June 2007 from Linvest to Qinhe, Linvest requested Qinhe to deliver the 2005 Audited Accounts to it, in order that it may exercise its conversion right.
 9. Despite request, and in the knowledge that Linvest wished to exercise its conversion right, Qinhe has breached clauses 4.1(a) and 5.1(d) of the Convertible Note by failing to provide the 2005 Audited Accounts.
 10. By letter dated 23 November 2007, Linvest delivered a conversion notice on Qinhe.
 11. In further breach of the Convertible Note and the Convertible Note Purchase Agreement (which contain no right allowing Qinhe to prepay the Convertible Note) and section 5.6 and Schedule 1(h) of the S&N Agreement, on 23 November 2007, Qinhe instead prepaid the principal amount owing under the Note (US\$20 million) to Linvest.
 12. By notices issued on 8 January 2007 ("the Notices"), Qinhe gave notice of a meeting of the board of directors of Qinhe and an Extraordinary General Meeting ("EGM") of the shareholders of Qinhe to be held on 23 January 2008 ("the Meetings").

13. The business of the EGM is to consider removing Linvest's appointed Director, to consider amending clause 5.3(c) of the S&N Agreement and to consider amending clause 3.2(c) of the Schedule to the Articles of Association of Qinhe.
14. The business of the board meeting is to consider amending clause 5.3(c) of the S&N Agreement.
15. By convening the Meetings and proposing the resolutions set out in the Notices, Qinhe is:
 - (a) breaching sections 5.2(a) and 5.3(c) of the S&N Agreement;
 - (b) further breaching its obligations set out in paragraphs 6 and 8 above.

AND THE PLAINTIFF CLAIMS;

1. A declaration that, in accordance with clause 5.2(a) of the Shareholders' and Note Holders' Agreement and clause 3.1(a) of the Schedule to the Articles of Association of Qinhe, Linvest is entitled to an appointee on the Board of Qinhe;
2. A declaration (a) that the attempted payment made by Qinhe to Linvest on 23 November 2007 was in breach of the provisions of the Convertible Note and Note Purchase Agreement, is not a discharge of Qinhe's performance of its contractual obligations under the Convertible Note and Note Purchase Agreement and not a derogation of Linvest's rights under those agreements (b) that Linvest's conversion right under section 4 of the Note remains in place for sixty (60) days following Qinhe's delivery of the 2005 Audited Accounts;
3. The Defendant be restrained from proceeding with the meeting of its Board of Directors convened by notice given on 8 January 2008 to be held on 23 January 2008 or any further meeting of its Board of Directors to consider the same or substantially the same business until the arbitral award has been made by the arbitral tribunal or until further order of this Court or any other court of competent jurisdiction;
4. the Defendant be restrained from proceeding with the Extraordinary General Meeting ("EGM") convened by notice given on 8 January 2008 to be held on 23 January 2008 any further EGM convened to consider the same or substantially the same business until

the arbitral award has been made by the arbitral tribunal or until further order of this Court or any other court of competent jurisdiction;

5. in the alternative, damages for breach of contract;
6. Interest pursuant to statute.
7. Costs.

Walkers

WALKERS
Attorneys at Law for the Plaintiff

THIS WRIT was issued by Walkers, Attorneys at Law, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9001, for the Plaintiff whose address for service is care of said Attorneys at Law

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: OF 2008

BETWEEN: LINVEST ENERGY HOLDINGS LIMITED PLAINTIFF
AND: QINHE ENERGY HOLDINGS LIMITED DEFENDANT

**ACKNOWLEDGEMENT OF SERVICE
OF WRIT OF SUMMONS**

If you intend to instruct an Attorney to act for you, give him this form **IMMEDIATELY**.

Important. Read the accompanying Delay may result in judgment being entered
directions and notes for guidance carefully against a Defendant whereby he may have to
before completing this form. If any information pay the costs of applying to set it aside.
required is omitted or given wrongly, THIS
FORM MAY HAVE TO BE RETURNED.

1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

2. State whether the Defendant intends to contest the proceedings (*tick appropriate box*)

yes

no

3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (*tick box*)

yes

no

Service of the Writ is acknowledged accordingly

(Signed) _____

[Attorney] for

[Defendant in person]

Address for service:

Please complete overleaf

Notes on address for Service

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Indorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

Walkers
Attorneys at Law
Walker House
87 Mary Street
George Town
Grand Cayman KY1-9001

Ref: GAL/LDF/C2187-73188

Indorsement by defendant's Attorney (or by defendant if suing in person) of his name, address and reference, if any, in the box below.

[Empty box for defendant's attorney indorsement]

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgment of Service and return it to the Court's office.
2. For the purpose of calculating the period of 14 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (*the name stated on the Writ of Summons*)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian *ad litem*.
8. A Defendant acting in person may obtain help in completing the form at the Court's office.