

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

### PRICE PAYABLE ON APPLICATION

The Offer Price is HK\$0.50. Applicants should also pay, on application, the Offer Price plus brokerage fee of 1%, the transaction levy imposed by the Securities and Futures Commission of 0.005%, the investor compensation levy of 0.002% and the Stock Exchange trading fee of 0.005% of the Offer Price. This means that for every 4,000 Offer Shares, the subscriber will pay HK\$2,020.24.

### CONDITIONS OF THE SHARE OFFER

Acceptance of any applications for the Offer Shares will be conditional upon:

- (a) the GEM Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus and any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme;
- (b) the obligations of the Underwriters under the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by First Shanghai Securities, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements; and
- (c) none of the Noteholders require early redemption of the Convertible Notes by giving the Company a notice at any time prior to 6:00 p.m. on the day immediately preceding the Listing Date to redeem all or part of the Convertible Notes on the Listing Date,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived by First Shanghai Securities on or before such dates and times) and in any event not later than that date which is 30 days after the date of this prospectus.

**If such conditions have not been fulfilled or waived by First Shanghai Securities prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice that the Share Offer has lapsed will be published by the Company on the GEM Website on the next day following such lapse.**

### THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer for a total of 64,000,000 Shares. A total of 57,600,000 and 6,400,000 Offer Shares will initially be made available under the Placing and the Public Offer respectively.

The number of the Placing Shares and the Public Offer Shares represent 90% and 10%, respectively, of the total number of the Offer Shares initially available under the Share Offer.

## **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

The 64,000,000 Shares being offered under the Share Offer will represent approximately 19.51% of the Company's enlarged share capital immediately after completion of the Share Offer, the Capitalisation Issue and the Initial IPO Conversion but taking no account of any Shares which may be allotted and issued upon the exercise of any options granted or to be granted under the Share Option Scheme or pursuant to the Right of First Refusal Agreement or the general mandates to issue or repurchase Shares referred to in Appendix V of this prospectus or the First Post IPO Conversion or the Second Post IPO Conversion.

Investors may indicate an interest for Shares under the Placing or apply for Shares under the Public Offer, but may not do both. The Placing is open to institutional, professional investors and other investors in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong.

The Share Offer is lead managed by the Lead Manager. The Placing Shares are expected to be fully underwritten by the Placing Underwriters on a several basis. The Public Offer Shares are fully underwritten by the Public Offer Underwriters on a several basis. Information relating to the underwriting arrangements in respect of the Share Offer is set forth in the section headed "Underwriting" in this prospectus.

### **OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES**

#### **The Placing**

57,600,000 Offer Shares will be initially offered by the Company for subscription under the Placing, representing approximately 90% of the total number of the Offer Shares. The Placing is expected to be fully underwritten by the Placing Underwriters on a several basis, subject to the terms and conditions of the Placing Underwriting Agreement which is anticipated to be entered into on or about 11 June, 2004.

Allocation of Placing Shares to investors under the Placing is based on a number of factors including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further Shares, or hold or sell its Shares, after the Listing. Such allocation is generally intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a broad shareholder base to the benefit of the Company and its Shareholders as a whole.

#### **The Public Offer**

The total number of 6,400,000 Shares initially comprised of in the Public Offer represents 10% of the total number of the Offer Shares. The Public Offer is fully underwritten by the Public Offer Underwriters on a several basis, subject to the terms and conditions of the Public Offer Underwriting Agreement.

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer is open to all members of the public in Hong Kong. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the Application Form that he, she or it has not taken up any Shares under the Placing nor otherwise participated in the Placing, and such applicant's application will be rejected if the said undertaking and confirmation is breached and/or untrue, as the case may be. The Public Offer will be subject to the conditions stated under "Conditions of the Share Offer" above. The attention of applicants, including nominees who wish to submit separate applications on behalf of different beneficial owners, is drawn to the information regarding multiple applications contained in the section headed "How to apply for the Public Offer Shares" in this prospectus. **Multiple or suspected multiple applications under the Public Offer and any application for more than 100% of the Public Offer Shares initially being offered for subscription will be rejected.**

### REALLOCATION OF THE OFFER SHARES BETWEEN THE PLACING AND THE PUBLIC OFFER

Offer Shares being offered in the Placing and/or the Public Offer may be re-allocated. If the Public Offer is undersubscribed, the Lead Manager will have the discretion to reallocate unsubscribed Public Offer Shares to satisfy demand in the Placing. If the Public Offer is oversubscribed, the Lead Manager will have the discretion to reallocate such number of Placing Shares to satisfy demand in the Public Offer as it deems appropriate.

The number of Offer Shares available under the Placing and/or the Public Offer will be correspondingly reduced or increased (as the case may be) as a result of such reallocation (if any) described above.

### OVER-SUBSCRIPTION IN THE PUBLIC OFFER

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by each applicant, but will otherwise be made on a strictly pro rata basis. However, this may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares and that applicants who are not successful in the ballot may not receive any Public Offer Shares.

### SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the GEM Listing Committee of the Stock Exchange grants the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

## **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

### **DEALINGS AND SETTLEMENT**

Dealings in Shares are expected to commence on 18 June, 2004.

Shares will be traded in board lots of 4,000 Shares each.

The GEM stock code for the Shares is 8250.

If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbrokers or other professional advisers.