

STRUCTURE OF THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by agreement to be reached between the Company and the Lead Manager (for itself and on behalf of the Underwriters) at or before the Price Determination Time, when market demand for the Offer Shares will be reflected. The Price Determination Time is scheduled to be at or before 5:00 p.m. (Hong Kong time) on Thursday, 2nd June, 2005.

Prospective investors should be aware that the Offer Price to be determined at or before the Price Determination Time may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$1.06 per Offer Share and is expected to be not less than HK\$0.88 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

The Lead Manager (for itself and on behalf of the Underwriters) may, if considers appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of the Company, may reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notice of the reduction in the indicative Offer Price range. Upon issue of such a notice, the revised indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon with the Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed “Summary” of this prospectus, and any other financial information which may change as a result of such reduction. **If applications for the Offer Shares have been submitted prior to the last day for lodging applications under the Public Offer, such applications cannot be subsequently withdrawn even if the Offer Price range is so reduced.** In the absence of any notice being published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on reduction of the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon with the Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Lead Manager (for itself and on behalf of the Underwriters) and the Company are unable to reach the Price Determination Agreement by the Price Determination Time, the Share Offer will not proceed and will lapse.

STRUCTURE OF THE SHARE OFFER

The Offer Shares will be allocated after the application lists of the Public Offer close. No Offer Share will be allotted after 30 days from the date of this prospectus. Announcement of the Offer Price, together with the indication of the level of interests in the Placing and the results of applications and basis of allocation of the Public Offer Shares is expected to be published on or before 8th June, 2005.

OFFER PRICE AND PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$1.06 per Offer Share and is expected to be not less than HK\$0.88 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK\$1.06 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee, 0.005% SFC transaction levy and 0.002% SFC investor compensation levy, amounting to a total of HK\$4,282.90 per board lot of 4,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK\$1.06 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee, the SFC transaction levy and the SFC investor compensation levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed “How to apply for the Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

The Share Offer is conditional on:

- (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein;
- (2) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms or otherwise; and
- (3) the Price Determination Agreement is reached.

In each case, on or before the dates and times specified in the Underwriting Agreement and in any event not later than 26th June, 2005 (or such later date as the Joint Sponsors on behalf of the Underwriters and the Company may agree).

If such conditions have not been fulfilled prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Press announcement regarding the lapse of the Share Offer will be published on the next day following such lapse. In such event, all application monies will be returned to the applicants as soon as possible without interest on the terms set out in the paragraph headed “Refund of your application moneys” on the application forms. In the meantime, such monies will be held in a separate bank account with the receiving banker or other licensed bank(s) or bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

STRUCTURE OF THE SHARE OFFER

OFFER MECHANISM AND BASIS OF ALLOCATION OF SHARES

The Share Offer

The Share Offer is managed by the Lead Manager and fully underwritten by the Underwriters. The Share Offer consists of the Placing and the Public Offer. The 75,000,000 Shares initially offered will comprise 67,500,000 Shares being offered under the Placing and the remaining 7,500,000 Shares being offered under the Public Offer. The 75,000,000 Shares being offered under the Share Offer will represent 25% of the Company's enlarged share capital immediately after completion of the Share Offer and the Capitalisation Issue. Both the Placing and the Public Offer are subject to reallocation on the basis described below.

Reference in this prospectus to applications, application forms, application money or to the procedure for application relate solely to the Public Offer.

Investors may apply for Shares under the Public Offer or indicate an interest for Shares under the Placing, but may not do both. Applicants may only receive Shares under the Public Offer or the Placing but not both of these offering methods.

The Placing

The Company is initially offering, subject to possible reallocation on the basis discussed below, 67,500,000 Shares, representing 90% of the total number of Shares being offered under the Share Offer, for subscription by way of the Placing.

Under the Placing, the Underwriters, on behalf of the Company, will conditionally place the Placing Shares with professional, institutional and private investors. Professional and institutional 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.

Allocation of the Placing Shares pursuant to 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 and/or hold or sell its Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of the Company and the Shareholders as a whole. Each investor who is offered Placing Shares in the Placing will be required to undertake and confirm that he has not applied for any Public Offer Shares under the Public Offer.

STRUCTURE OF THE SHARE OFFER

The Public Offer

The Company is initially offering, subject to possible reallocation on the basis discussed below, 7,500,000 Shares, representing 10% of the total number of Shares being offered under the Share Offer, to the public for subscription by way of public offer in Hong Kong under the Public Offer, which is open to all members of the public in Hong Kong as well as to institutional and professional investors.

Up to a maximum of 750,000 Public Offer Shares, representing 10% of the total number of Shares initially available under the Public Offer or 1% of the Offer Shares are available for subscription by full-time employees of the Group (excluding the Directors or the chief executive of the Company, the existing beneficial owners of Shares and their respective associates) (the “Eligible Employees”) on a preferential basis, if their applications for the Public Offer Shares are made on the **PINK** application form.

Any undersubscribed Shares under the **PINK** application form shall be available for subscription by the public under the Public Offer.

Pursuant to Practice Note 20 to the Listing Rules, the allocation of these Public Offer Shares has to be made on a pro rata basis (as nearly as possible without involving portions of a board lot) in an equitable manner based solely on the level of valid applications received from Eligible Employees. Seniority or the length of service of the Eligible Employees shall not be adopted as a basis of allocation. All applications in excess of the Shares available under the **PINK** application form shall be rejected.

Allocation of Public Offer Shares to applicants 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 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.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for and will not indicate an interest for, and have not received or been placed or allotted (including conditionally or unconditionally) any Shares under the Placing, and such applicant’s application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

STRUCTURE OF THE SHARE OFFER

REALLOCATION BETWEEN THE PUBLIC OFFER AND THE PLACING

The allocation of Shares between the Public Offer and the Placing is subject to the reallocation adjustment which in turn depends on the level of subscription of the Public Offer. The reallocation will be made on the following basis:

- (i) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that a total number of 22,500,000 Shares, representing 30% of the Offer Shares will be available under the Share Offer;
- (ii) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased so that a total number of Shares available under the Public Offer will be 30,000,000 Shares, representing 40% of the Offer Shares initially available under the Share Offer; and
- (iii) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased, so that a total number of Shares available under the Public Offer will be 37,500,000 Shares, representing 50% of the Offer Shares initially available under the Share Offer.

Should either the Public Offer or the Placing is under-subscribed, the Lead Manager has the authority to reallocate all or any unsubscribed Shares originally included in the Public Offer to the Placing (or vice versa, as appropriate) in such proportion and manner as it considers appropriate.