

STRUCTURE OF THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between Sun Hung Kai, for and on behalf of the Underwriters, and the Company at or before the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 3rd February, 2006 and, in any event, not later than 12:00 noon (Hong Kong time) on Tuesday, 7th February, 2006.

Prospective investors should be aware that the Offer Price to be determined at or before the Price Determination Date may be, but not expected to be, lower than indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$1.08 per Offer Share and is expected to be not less than HK\$0.88 per Offer Share. The Offer Price will fall within the 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.

Sun Hung Kai, for and on behalf of the Underwriters, may, where it 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, 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 last day for lodging applications under the Public Offer, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notice of reduction in the indicative Offer Price range. Upon issue of such a notice, the revised 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 Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price range is so reduced, such applications cannot be subsequently withdrawn.** In the absence of any notice being published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in 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, Sun Hung Kai (for and on behalf of the Underwriters) and the Company are unable to reach the Price Determination Agreement by the Price Determination Date, the Share Offer will not become unconditional and will not proceed.

Announcement of the Offer Price, together with indication of the level of interests in the Placing and the results of application under the Public Offer and basis of allocation of the Public Offer Shares is expected to be published on Wednesday, 8th February, 2006.

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PRICE PAYABLE ON APPLICATION

The Offer Price will be not more than HK\$1.08 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\$1.08 per Offer Share and 1% brokerage, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy of the Offer Price. That means a total of HK\$4,363.64 is payable for every 4,000 Shares. The application forms have tables showing the exact amount payable for certain multiples of Public Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK\$1.08 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application money) 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

Acceptance of the application for the Public Offer Shares is conditional upon:

1. Listing

The Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, on or before 26th February, 2006; and

2. Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement becoming unconditional, and not being terminated, prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Details of the Underwriting Agreement, its conditions and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

If any of the conditions is not fulfilled or waived on or before the times specified in paragraphs 1 and 2 above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the paragraph headed “Refund of your application monies” in the relevant application forms.

In the meantime, the application money will be held in one or more separate bank accounts with the receiving banker or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

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THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 180,000,000 Offer Shares will be made available under the Share Offer, of which 162,000,000 Placing Shares, representing 90% of the Offer Shares, will conditionally be placed with selected professional, institutional and private investors under the Placing. The remaining 18,000,000 Public Offer Shares, representing 10% of the Offer Shares, will be offered to the public in Hong Kong under the Public Offer. Both the Placing and the Public Offer are subject to reallocation on the basis described below. No pre-emption right or right to subscribe for the Offer Shares has been granted.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Placing Underwriters have severally agreed to underwrite the Placing Shares and the Public Offer Underwriter has agreed to underwrite the Public Offer Shares under the terms of the Underwriting Agreement. Further details of the underwriting and placing arrangements are set out in the section headed “Underwriting” of this prospectus.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after completion of the Share Offer, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares (including the Shares to be issued upon the full exercise of the Over-allotment Option) will represent approximately 27.7% of the enlarged issued share capital immediately after completion of the Share Offer and the exercise of the Over-allotment Option as set out in the paragraph headed “Over-allotment Option” below.

Placing

The Company is offering initially 162,000,000 new Shares (subject to re-allocation and the Over-allotment Option) at the Offer Price under the Placing. The number of Placing Shares initially available for application under the Placing represents 90% of the total number of Offer Shares being offered under the Share Offer. The Placing is fully underwritten by the Placing Underwriters subject to the terms of the Underwriting Agreement. Investors subscribing for the Placing Shares are also required to pay the Offer Price plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy of the Offer Price.

It is expected that the Placing Underwriters, or selling agents nominated by them, on behalf of the Company, will conditionally place the Placing Shares at the Offer Price with selected 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. Private investors applying through banks or other institutions who sought Placing Shares in the Placing may also be allocated the Placing Shares.

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Allocation of the Placing Shares will be 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 acquire 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 its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

The Company, the Directors, Sun Hung Kai (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is subject to the conditions as stated in the paragraph headed “Conditions of the Share Offer” above.

Public Offer

The Company is initially offering 18,000,000 Public Offer Shares for subscription (subject to reallocation) by the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares being offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriter subject to the terms of the Underwriting Agreement. Applicants for the Public Offer Shares are required on application to pay the Offer Price plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy of the Offer Price.

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 submitted by him/her that he/she has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

For allocation purposes only, the number of the Public Offer Shares (after taking into account any reallocation of the Offer Shares between the Public Offer and the Placing) will be divided into two pools: pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) or less. The Public Offer Shares available in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares in the value of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) and up to the total initial value of pool B.

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Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Multiple applications or suspected multiple applications and any application made for more than 100% of the Public Offer Shares initially available under pool A or pool B will be rejected.

The maximum number of Public Offer Shares that may be applied for are 4,000,000 Shares under pool A and 8,100,000 Shares under pool B.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. Where there is oversubscription under the Public Offer, allocation of the Public Offer Shares 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 the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Up to a maximum of 1,800,000 Public Offer Shares (the “Employee Shares”), representing 10% of the initial number of the Public Offer Shares, will be available for subscription by eligible full-time employees (other than the directors and chief executive of any member of the Group, existing beneficial owner(s) of Shares and their respective associates) of the Group on a preferential basis.

Allocation for the Employee Shares validly applied for will be made on a pro-rata basis in proportion (as nearly as possible without involving fraction of a board lot) to the number of Employee Shares validly applied for; or balloted if there are insufficient Employee Shares to be made on a pro-rata basis. If balloting is conducted, some employees may be allocated more Employee Shares than others who have validly applied for the same number of Employee Shares. The allocation of Employee Shares will in any event be allocated on an equitable basis and will not be based on seniority or length of service of the employees who have applied for Employee Shares. Any application made on **PINK** application form for more than 100% of the Employee Share will be rejected.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) 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 Shares will be reallocated to the Public Offer from Placing so that the total number of Shares available for subscription under the Public Offer will be increased to 54,000,000 Shares, representing 30% of the Offer Shares;
- (b) 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 Shares will be reallocated to the Public Offer from Placing so that the number of Shares available for subscription under the Public Offer will be increased to 72,000,000 Shares, representing 40% of the Offer Shares; and

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- (c) 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 Shares will be reallocated to the Public Offer from Placing so that the number of Shares available for subscription under the Public Offer will be increased to 90,000,000 Shares, representing 50% of the Offer Shares.

In all cases, the additional Shares reallocated to the Public Offer will be allocated, if applicable, equally between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced.

If the Public Offer is not fully subscribed, Sun Hung Kai (for itself and on behalf of the Underwriters) has the authority to reallocate all or any of the unsubscribed Public Offer Shares initially available for subscription in the Public Offer to the Placing in such proportions as it deems appropriate.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, the Company will grant to the Placing Underwriters the Over-allotment Option, exercisable by Sun Hung Kai (for itself and on behalf of the Placing Underwriters). The Over-allotment Option will expire on the 30th day after the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, the Company may be required by Sun Hung Kai (for itself and on behalf of the Underwriters) to allot and issue up to and not more than 27,000,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Share Offer) at the Offer Price to cover over-allocations in the Placing. Sun Hung Kai (for itself and on behalf of the Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements with Silver Hendon Enterprises Corp. or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 27,000,000 Shares will represent approximately 3.6% of the Company's enlarged issued share capital immediately after completion of the Share Offer and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

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In connection with the Share Offer, Sun Hung Kai (for itself and on behalf of the Underwriters) may effect transactions which stabilise or maintain the market price of the Shares at levels above those which might otherwise prevail for a limited period after the issue date. The number of Shares that may be over-allocated will be up to, but not more than, an aggregate of 27,000,000 additional Shares, being the number of Shares that may be issued under the Over-allotment Option. Such stabilising actions may include over-allocating Placing Shares and covering such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market or through stock borrowing arrangements with Silver Hendon Enterprises Corp. or through a combination of these means or otherwise. However, there is no obligation on Sun Hung Kai (for itself and on behalf of the Underwriters) to do this. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements.

Subject to and under the Securities and Futures (Price Stabilising) Rules of the SFO, Sun Hung Kai (for itself and on behalf of the Underwriters) may take all or any of the following actions (“primary stabilising action”) in respect of any Shares during the stabilising period:

- (1) purchase, or agree to purchase, any of the Shares;
- (2) offer or attempt to do anything as described in paragraph (1),

for the sole purpose of preventing or minimising any reduction in the market price of the Shares. Sun Hung Kai (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:

- (a) for the purpose of preventing or minimising any reduction in the market price of the Shares:
 - (i) allocate a greater number of Shares than the number that is initially offered under the Share Offer; or
 - (ii) sell or agree to sell Shares so as to establish a short position in them;
- (b) pursuant to an option or other right to purchase or subscribe for Shares, purchase or subscribe for or agree to purchase or subscribe for Shares in order to close out any position established under paragraph (a);
- (c) sell or agree to sell any Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or
- (d) offer or attempt to do anything as described in paragraph (a)(ii), (b) or (c).

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Investors should be aware:

- that Sun Hung Kai (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in the Shares;
- that there is no certainty regarding the extent to which and the time period for which Sun Hung Kai (for itself and on behalf of the Underwriters) will maintain such a long position;
- of possible impact in the case of liquidation of such a long position by Sun Hung Kai (for itself and on behalf of the Underwriters);
- that stabilising action cannot be taken to support the price of the Shares for longer than the stabilising period which begins on the commencement of trading of the Shares on the Main Board and ends on the earlier of the 30th day after the last day for the lodging of applications under the Public Offer or the commencement of trading of the Shares on the Stock Exchange, that the stabilising period is expected to expire on 5th March, 2006, and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price, could fall;
- that the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the Shares.

An announcement will be made at the end of the stabilisation period, which is expected to expire on 5th March, 2006, pursuant to the SFO.

STOCK BORROWING ARRANGEMENT

In connection with the Share Offer, Sun Hung Kai may over-allocate up to and not more than an aggregate of 27,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option or making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of covering such over-allocations, Sun Hung Kai may borrow up to 27,000,000 Shares from Silver Hendon Enterprises Corp., equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. **Following the application by Sun Hung Kai (on behalf of the Company and Silver Hendon Enterprises Corp.), the Stock Exchange has granted a waiver to the Company, and Silver Hendon Enterprises Corp. from strict compliance with Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by the controlling Shareholders following a new listing, in order to allow Silver Hendon Enterprises Corp. to enter into and perform its obligations under the Stock Borrowing Agreement on the following conditions:**

- the Stock Borrowing Agreement will only be effected by Sun Hung Kai for settlement of over-allocation in the Placing;
- the maximum number of Shares borrowed from Silver Hendon Enterprises Corp. will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, that is, up to 27,000,000 Shares, representing 15% of the total number of the Offer Shares initially available under the Share Offer;
- the same number of Shares so borrowed must be returned to Silver Hendon Enterprises Corp. (or its nominees) on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, and (ii) the day on which the Over-allotment Option is exercised in full;
- the Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and
- no benefits or payments will be made to Silver Hendon Enterprises Corp. by Sun Hung Kai in relation to the Stock Borrowing Agreement.