PRICE PAYABLE ON APPLICATION

Investors have to pay on application the Issue Price of HK$1.00 per Offer Share plus 1% brokerage, 0.007% SFC transaction levy and 0.005% Stock Exchange trading fee, constituting a total of HK$2,020.24 per board lot of 2,000 Shares.

THE SHARE OFFER

The Share Offer comprises the Placing and the New Issue. Assuming the Over-allotment Option is not exercised, a total of 100,000,000 Offer Shares will be made available under the Share Offer, of which 70,000,000 Shares, representing 70% of the total number of the Offer Shares, will initially be available for subscription by professional, institutional and selected investors in Hong Kong under the Placing. The remaining 30,000,000 Shares, representing 30% of the total number of the Offer Shares, will initially be offered to the public in Hong Kong under the New Issue. Both the Placing and the New Issue are subject to reallocation on the basis described below.

Investors may apply for the Offer Shares under the New Issue or indicate an interest for the Offer Shares under the Placing, but may not do both. Investors may only receive an allocation of Shares under the Placing or the New Issue but not both.

If the Over-allotment Option is exercised in full, a total of additional 15,000,000 Shares will be issued representing 15% of the Shares initially available under the Share Offer to cover over-allocations in the Placing.

CONDITIONS OF THE SHARE OFFER

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

1. **Listing**

   the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and the application forms relating hereto; and

2. **Underwriting Agreement**

   the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s), by the Underwriters), and not being terminated in accordance with the terms thereof. Details of the Underwriting Agreement, its conditions and grounds for termination, are set out under the section headed "Underwriting" in this prospectus.

If these conditions are not fulfilled on or before 21st March, 2002, the Share Offer will lapse and the application moneys will be returned to the placees or the applicants or the Underwriters (as the case may be), without interest. The terms on which the application moneys under the New Issue will be returned to the applicants are set out in the section headed "Refund of your money" on the application forms relating hereto.

In the meantime, your money will be held in one or more separate bank accounts with the receiving banker or other licensed banks in Hong Kong.

OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES

The Share Offer comprises the Placing and the New Issue.

Placing

The Placing comprises initially 70,000,000 Placing Shares conditionally offered by the Company for subscription by way of private placements to professional, institutional and selected investors in Hong Kong. The number of Placing Shares initially available for subscription under the Placing represents 70% of the total number of the Offer Shares being offered under the Share Offer, subject to reallocation as described below. The Placing is fully underwritten by the Placing Underwriters. Investors subscribing for the Placing Shares are required to pay the Issue Price plus 1% brokerage, 0.007% SFC transaction levy and 0.005% Stock Exchange trading fee.

Pursuant to the Placing, it is expected that the Placing Underwriters, or the selling agents nominated by the Placing Underwriters on behalf of the Company will conditionally place the Placing Shares at the Issue Price with professional, institutional and selected investors in Hong Kong. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

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 the Placing Shares are offered will be required to undertake not to apply for the New Issue Shares under the New Issue.

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

New Issue

The Company is initially offering 30,000,000 New Issue Shares (subject to reallocation as described below) for public subscription in Hong Kong under the New Issue, representing 30% of the total number of the Offer Shares being offered under the Share Offer. The New Issue is fully underwritten by the New Issue Underwriters. Applicants for the New Issue Shares are required on application to pay the Issue Price plus 1% brokerage, 0.007% SFC transaction levy and 0.005% Stock Exchange trading fee.

No application will be accepted from applicants applying for more than the total number of the New Issue Shares originally allotted to each pool. Multiple or suspected multiple applications and any application for more than the total number of the New Issue Shares are liable to be rejected.

Applications under the New Issue from investors who have received the Placing Shares under the Placing will be identified and rejected and investors who have received New Issue Shares under the New Issue will not be offered the Placing Shares under the Placing.

REALLOCATION OF OFFER SHARES BETWEEN THE PLACING AND THE NEW ISSUE

The allocation of the Offer Shares between the Placing and the New Issue is subject to adjustment on the following basis:

(a) if the number of Shares validly applied for under the New Issue represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the New Issue, then Shares will be reallocated to the New Issue from the Placing so that the total number of Shares available for subscription under the New Issue will be increased to 40 million Shares, representing approximately 40% of the Offer Shares initially available under the Share Offer; and

(b) if the number of Shares validly applied for under the New Issue represents 100 times or more the number of Shares initially available for subscription under the New Issue, then Shares will be reallocated to the New Issue from the Placing so that the total number of Shares available for subscription under the New Issue will be increased to 50 million Shares, representing approximately 50% of the Offer Shares initially available under the Share Offer.

In all cases, the number of Offer Shares initially available for subscription under the Placing will be correspondingly reduced.

If the New Issue is not fully subscribed, the Lead Manager shall have the authority to reallocate all or any of the unsubscribed New Issue Shares originally included in the New Issue to the Placing in such amounts and manner as it may deem appropriate. If the Placing is not fully subscribed, the Lead Manager shall have the authority to reallocate all or any of the unsubscribed Placing Shares originally included in the Placing to the New Issue in such amounts and manner as it may deem appropriate.

For allocation purposes only, the New Issue Shares (including any New Shares that may be reallocated from the Placing to the New Issue) will be divided equally into two pools: pool A and pool B. The New Issue Shares in pool A will be allocated on an equitable basis only to applicants who have applied for Shares in the value of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable thereon) or less. The New Issue Shares in pool B will be allocated on an equitable basis only to applicants who have applied for Shares in the value of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable thereon) and up to the total value of pool B. Applicants should be aware that applications in pool B are likely to receive different allocation ratios than applications in pool A. If one of the pools is undersubscribed, the surplus New Issue Shares will be transferred to the other pool to satisfy demand and shall be allocated accordingly. Applicants can only receive an allocation of Shares from pool A or pool B but not from both pools. Save as aforesaid, allocation of New Issue Shares to investors under the New Issue will be based solely on the level of valid applications received under the New Issue. The basis of allocation may vary, depending on the number of New Issue Shares validly applied for by applicants in each of pool A and pool B, but, subject to that, will be made strictly on a pro rata basis, although this could, where appropriate, include balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of New Issue Shares and that the applicants who are not successful in the ballot may not receive any New Issue Shares.

The New Issue is open to all members of the public in Hong Kong. An applicant for Shares under the New Issue will be required to give an undertaking and confirmation in the application form submitted by him that he has not taken up and will not take up any Shares under the Placing or 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 New Issue is liable to be rejected.

OVER-ALLOTMENT OPTION

In connection with the Placing, the Company has granted to the Underwriters the Over-allotment Option which is exercisable by Dao Heng Securities (acting on behalf of the Underwriters) for 28 days from the date of this prospectus. Pursuant to the Over-allotment Option, the Company may be required to issue and allot at the Issue Price up to an aggregate of 15,000,000 additional Shares representing 15% of the Shares initially available under the Share Offer, to cover over-allocations in the Placing.

STABILISATION

In connection with the Share Offer, Dao Heng Securities (acting on behalf of the Underwriters) may over-allocate and/or effect transactions which stabilise or maintain the market price of the Shares at levels other than those which might otherwise prevail. The number of Shares that may be over-allocated will be no greater than the number of Shares that may be issued under the Over-allotment Option. 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. Such stabilisation, if commenced, may be discontinued at any time.

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 initial issue price of the securities. The stabilisation price to cover over-allocations will not be higher than the Issue Price.

Should stabilising transactions be effected in connection with the distribution of the Shares, they will be done at the direction, and in the absolute discretion, of Dao Heng Securities. In Hong Kong, such stabilisation activities are restricted to cases where underwriters genuinely purchase shares in the secondary market effected solely for the purpose of covering over-subscriptions or over-allocations in the offering. The price paid in the secondary market for Shares to cover over-subscriptions or over-allocations will not be higher than the issue price. The relevant provisions of the Securities Ordinance prohibit market manipulation in the form of pegging or stabilising the price of securities in certain circumstances.