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## STRUCTURE OF THE SHARE OFFER

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### THE SHARE OFFER

The Share Offer comprises the Public Offer and the Placing. Assuming the Over-allotment Option is not exercised, the total number of Offer Shares under the Public Offer and the Placing is 100,000,000 Shares. 10,000,000 new Shares, representing 10% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription under the Public Offer. 90,000,000 new Shares, representing 90% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription or purchase under the Placing. Both the Placing and the Public Offer are subject to re-allocation on the basis described in the paragraph headed “Offer mechanism — basis of allocation of the Offer Shares” below in this section.

Investors may apply for Shares under the Public Offer or indicate an interest for Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The Placing will involve selective marketing of Shares to professional and institutional investors and other investors expected to have a sizeable demand for the Shares. Professional and institutional investors and other 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.

Assuming the Over-allotment Option is not exercised, the Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after the completion of the Share Offer. If the Over-allotment Option is exercised in full, the Offer Shares comprised in the Share Offer will represent approximately 27.71% of the enlarged issued share capital of our Company immediately after the completion of the Share Offer and the exercise of the Over-allotment Option.

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters, in each case, on a several basis, and each being subject to other conditions set out in the section headed “Underwriting” in this prospectus.

### DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Bookrunner, for itself and on behalf of the Underwriters, and our Company on or before the Price Determination Date, which is currently scheduled on December 17, 2009 or by no later than December 21, 2009. **If the Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before December 21, 2009, the Share Offer will not become unconditional and will lapse.**

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## STRUCTURE OF THE SHARE OFFER

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**Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date 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\$1.35 per Offer Share and is expected to be not less than HK\$1.23 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.

The Bookrunner, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the indicative Offer Price range 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, our 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 to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notice of such a change. Such notice will also be available at the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and our website at [www.huayu.com.hk](http://www.huayu.com.hk). Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our 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” in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published in South China Morning Post (in English) and 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 our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

Our Company expects to announce the final Offer Price, the level of indication of interests under the Placing and the basis of allotment of the Public Offer Shares under the Public Offer on or before December 22, 2009 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese). Such announcement will also be available at the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and our website at [www.huayu.com.hk](http://www.huayu.com.hk).

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where supplied) and the number of Offer Shares successfully applied for under **WHITE** or **YELLOW** application forms or applying online through the **HK eIPO White Form** service or by giving electronic application instructions to HKSCC will be made available as described under the section headed “How to Apply for Public Offer Shares - Publication of Results” in this prospectus.

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## STRUCTURE OF THE SHARE OFFER

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### PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$1.35 per Offer Share and is expected to be not less than HK\$1.23 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK\$1.35 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, amounting to a total of HK\$2,727.25 per board lot of 2,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK\$1.35 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 monies) will be made to applicants, without interest. Further details are set out in the section headed “How to apply for Public Offer Shares” in this prospectus.

### CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares pursuant to the Share Offer will be conditional upon:

**(a) Listing**

the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may fall to be issued upon the exercise of the Over-allotment Option and Shares which may be issued pursuant to any option granted under the Share Option Scheme;

**(b) Placing Underwriting Agreement**

the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and

**(c) Underwriting Agreements becoming unconditional**

the obligations of the Underwriters under each of the Placing Underwriting Agreement and Public Offer Underwriting Agreement having become unconditional, including, among other things, the Offer Price be agreed by no later than the Price Determination Date and the Price Determination Agreement has been duly entered into, and if relevant, as a result of the waiver of any conditions by the Bookrunner, acting for itself and on behalf of the Underwriters, and not being terminated in accordance with the terms of the respective Underwriting Agreements or otherwise,

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## STRUCTURE OF THE SHARE OFFER

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

In the event that the Share Offer does not become unconditional, the Share Offer will lapse and a press announcement will be made by our Company as soon as possible. Details of the Underwriting Agreements and the conditions and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

If any of these conditions is not fulfilled, or where applicable, waived by the Bookrunner, for and on behalf of the Underwriters prior to the times and dates specified, your application money will be returned to you as soon as possible without interest. The terms on which your money will be returned to you are set out in the section headed “How to Apply for Public Offer Shares — Refund of application monies” in this prospectus. In the meantime, the application monies will be held in one or more separate bank accounts with the receiving banker or other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

### THE PUBLIC OFFER

#### Number of Shares Initially Offered

Our Company is initially offering 10,000,000 Public Offer Shares at the Offer Price, representing in aggregate 10% of the Offer Shares initially available under the Share Offer, for subscription by members of the public in Hong Kong. The Public Offer Shares will represent 2.5% of our Company’s total issued share capital immediately after the completion of the Share Offer, assuming that the Over-allotment Option is not exercised. The Public Offer is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions of the Public Offer Underwriting Agreement and the Bookrunner and our Company agreeing the Offer Price.

The Public Offer is open to all members of the public in Hong Kong. Persons allotted Shares under the Public Offer cannot apply for Shares under the Placing. 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 taken up any Shares under the Placing nor otherwise participated in the Placing nor has he/she indicated (nor will he/she indicate) an interest under the Placing, and such applicant’s application will be rejected if such undertaking and confirmation is breached and, or found to be untrue, as the case may be. The completion of the Public Offer will be subject to the conditions stated under the section headed “Structure of the Share Offer — Conditions of the Share Offer” in this prospectus.

Allocation of the Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applications may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

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## STRUCTURE OF THE SHARE OFFER

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The total number of Public Offer Shares to be allotted and issued pursuant to the Public Offer may change as a result of the clawback arrangement or any discretionary reallocation as described under the section headed “Structure of the Share Offer — Offer Mechanism — Basis of Allocation of the Offer Shares — Over-subscription” in this prospectus, or any reallocation of unsubscribed Public Offer Shares originally included in the Public Offer to the Placing or any reallocation of the unsubscribed Placing Shares to the Public Offer as described under the sub-paragraph headed “Under-subscription” below in this section.

### THE PLACING

Our Company is initially offering 90,000,000 new Shares representing in aggregate 90% of the total number of Offer Shares initially available under the Share Offer, for subscription by professional, institutional and individual investors by way of Placing. The Placing is expected to be fully underwritten by the Placing Underwriters, subject to the terms and conditions of the Placing Underwriting Agreement and the Bookrunner and our Company agreeing the Offer Price.

Pursuant to the Placing, it is expected that the Placing Underwriters or selling agents nominated by the Placing Underwriters on behalf of our Company shall place the Placing Shares at the Offer Price payable by the purchasers of the Placing Shares. Investors purchasing the Placing Shares are also required to pay 1.0% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy. Placing Shares will be placed with professional, institutional and individual investors in Hong Kong and certain other jurisdictions outside the United States. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealings in shares and other securities and entities which regularly invest in shares and other securities.

In Hong Kong, retail investors should apply for the Offer Shares under the Public Offer, as retail investors applying for Placing Shares (including applying through banks and other institutions) are unlikely to be allocated any Placing Shares. If you are a professional, institutional or individual investor and have applied for the Placing Shares, you are required to declare that you have applied for the Placing Shares only. In such event, you will not receive any Shares under the Public Offer.

All decisions concerning the allocation of Placing Shares to prospective placees pursuant to the Placing will be made on the basis of and by reference to a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and, or hold or sell its Placing Shares, after the Listing. 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 our Company and its shareholders as a whole.

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## STRUCTURE OF THE SHARE OFFER

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

#### The Share Offer

There will initially be a total of 10,000,000 Public Offer Shares available for subscription under the Public Offer under the **WHITE** and **YELLOW** Application Forms or by applying online through the **HK eIPO White Form** service or by giving electronic application instructions to HKSCC.

For allocation purposes only, the total number of Public Offer Shares initially available for public subscription under the Public Offer (taking into account any adjustment of Offer Shares between the Placing and the Public Offer referred to below) is to be divided equally into two pools: pool A comprising 5,000,000 Public Offer Shares and pool B comprising 5,000,000 Public Offer Shares. The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Public Offer Shares with a total subscription amount (excluding SFC transaction levy, Stock Exchange trading fee and brokerage payable thereon) of HK\$5 million or less. The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for Public Offer Shares with a total subscription amount (excluding SFC transaction levy, Stock Exchange trading fee and brokerage payable thereon) of more than HK\$5 million and up to the total value of pool B.

Applicants should be aware that applications within the same pool, and as well as between different pools, are likely to receive different allocation ratios. Where one of the pools is undersubscribed and the other pool is oversubscribed, the surplus Public Offer Shares from the undersubscribed pool will be transferred to the other pool to satisfy excess demand in the oversubscribed pool and be allocated accordingly. Applicants can only apply to receive an allocation of Public Offer Shares in either pool A or pool B but not from both pools. No applications will be accepted from investors applying for more than the total number of Public Offer Shares originally allocated to each pool. Multiple applications or suspected multiple applications within either pool or between pools will be rejected.

Applicants under the Public Offer will be required each to give an undertaking and confirmation in the Application Form submitted by them that they and any person(s) for whose benefit they are making the application will not receive any Placing Shares under the Placing, have not indicated and will not indicate an interest for any Placing Shares under the Placing, and their applications are liable to be rejected if the said undertaking and, or confirmation is breached and, or untrue, as the case may be. The Bookrunner (as agent for our Company) in consultation with our Company have full discretion to reject or accept any application, or to accept only part of any application.

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## STRUCTURE OF THE SHARE OFFER

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Allocation of the Public Offer Shares, including any Offer Shares which may be reallocated from the Placing, under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, the basis of allocation may vary depending on the number of Public Offer Shares validly applied for by each applicant. The allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares in such circumstances 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.

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 potential investors are likely to buy further Shares, or hold or sell their Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole. Investors who have been allocated any of the Placing Shares under the Placing will not be allocated any Public Offer Shares under the Public Offer. Similarly, investors who have been allocated any Public Offer Shares under the Public Offer will not be allocated any Placing Shares under the Placing.

### **Over-subscription**

The allocation of the Offer Shares between the Public Offer and the Placing is subject to the clawback arrangement in the event of over-subscription under the Public Offer. 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 the Placing, so that the total number of Shares available under the Public Offer will be 30,000,000 Shares (representing approximately 30% of the total number of the Offer Shares available under the Share Offer, assuming the Over-allotment Option is not exercised). 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 Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will be 40,000,000 Shares (representing approximately 40% of the total number of Offer Shares available under the Share Offer, assuming the Over-allotment Option is not exercised). 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 Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will be 50,000,000 Shares (representing approximately 50% of the total number of the Offer Shares available under the Share Offer, assuming the Over-allotment Option is not exercised). In each such case, the additional Shares reallocated to the Public Offer will be correspondingly increased and allocated equally between Pool A and Pool B and the number of Shares allocated to the Placing will be correspondingly reduced.

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## STRUCTURE OF THE SHARE OFFER

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In addition, Mizuho has the absolute discretion to reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

### **Under-subscription**

If the Public Offer is not fully subscribed, Mizuho may in its absolute discretion reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing, in such number as it deems appropriate provided that there is sufficient demand under the Placing to take up such reallocated Shares.

If the Placing is not fully subscribed, Mizuho may in its absolute discretion, in addition to any reallocation of the Offer Shares from the Placing to the Public Offer under the clawback arrangement described under the Over-subscription section above, reallocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer, in such number as it deems appropriate provided that there is sufficient demand under the Public Offer to take up such reallocated Shares. Details of any reallocation of Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on December 22, 2009 in English in South China Morning Post and in Chinese in Hong Kong Economic Times.

### **OVER-ALLOTMENT OPTION**

Under the Placing Underwriting Agreement, our Company is expected to grant to the Placing Underwriters the right but not the obligation to exercise the Over-allotment Option, exercisable by the Bookrunner (on behalf of the Placing Underwriters) from time to time commencing on the Listing Date and ending on the 30th day after the last day for lodging of applications under the Public Offer. Under the Over-allotment Option, the Bookrunner will have the right to require our Company to issue at the Offer Price up to 15,000,000 additional Shares, representing 15% of the Offer Shares initially available under the Share Offer, solely for the purpose of covering over-allocations in the Placing, if any. The Over-Allotment Option may be exercised in full or in part at any time during the period in which it is exercisable.

If the Over-allotment Option is exercised in full, the Offer Shares comprised in the Share Offer will represent approximately 27.71% of the enlarged issued share capital of our Company immediately after the completion of the Share Offer and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in English in South China Morning Post and in Chinese in Hong Kong Economic Times.



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## STRUCTURE OF THE SHARE OFFER

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### 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 minimise and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, Mizuho, as stabilising manager, or any person acting for it, may over-allot or effect any other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the trading of the Shares commences on the Stock Exchange. Such stabilisation transactions may include exercising the Over-allotment Option, stock borrowing, making market purchases of Shares in the secondary market or selling Shares to liquidate a position held as a result of those purchases. Any such market purchases will be effected at prices not exceeding the Offer Price and in compliance with all applicable laws, rules and regulatory requirements of Hong Kong. However, there is no obligation on Mizuho or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of Mizuho and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares over-allocated will not be greater than the number of Shares which may be issued upon the full exercise of the Over-allotment Option, being 15,000,000 Shares, which is 15% of the Offer Shares initially available under the Share Offer.

As a result of effecting transactions to stabilise or maintain the market price of the Shares, Mizuho, or any person acting for them, may maintain a long position in the Shares. The size of the long position, and the period for which Mizuho, or any person acting for them, will maintain the long position is at the discretion of Mizuho and is uncertain. In the event that Mizuho liquidate this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilising action by Mizuho, or any person acting for it, is not permitted 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 Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Public Offer. The stabilising period is expected to end on January 15, 2010. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore its market price, could fall.

Within seven days after the end of the stabilising period, Mizuho will ensure that a public announcement containing such information as required by the Securities and Futures (Price Stabilizing) Rules under the SFO be issued whether by or on behalf of our Company or by Mizuho.

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## STRUCTURE OF THE SHARE OFFER

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Any stabilising action taken by Mizuho, or any person acting for them, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of the Shares by Mizuho, or any person acting for it, may be made at a price at or below the Offer Price, which means that stabilising bids may be made or transactions may be effected at a price below the price the applicants or investors have paid for the Shares.

### STOCK BORROWING

In order to facilitate settlement of over-allocations in connection with the Placing, it is expected that VIL and Mizuho will enter into the Stock Borrowing Agreement pursuant to which VIL would, if requested by Mizuho, make available to Mizuho up to 15,000,000 Shares held by it, by way of stock lending, in order to facilitate settlement of over-allocations in connection with the Placing.

The stock borrowing arrangements pursuant to the Stock Borrowing Agreement are expected to be on the following terms in compliance with the requirements set out in Rule 10.07(3) of the Listing Rules and shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules:

- such stock borrowing arrangements will only be effected by Mizuho for settlement of over-allocations in the Placing;
- the maximum number of Shares borrowed from VIL will be limited to the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;
- the same number of Shares so borrowed from VIL will be returned to it or its nominees (as the case may be) 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 arrangements under the Stock Borrowing Agreement will be effected in compliance with all the applicable laws, rules and regulatory requirements; and
- no payment will be made to VIL by Mizuho under the Stock Borrowing Agreement.