
STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

The Global Offering comprises the International Placing and the Public Offer. Assuming the Over-allotment Option is not exercised, the total number of Offer Shares under the Global Offering is 500,000,000 Shares, of which 450,000,000 Offer Shares, comprising 390,000,000 new Shares and 60,000,000 Sale Shares, representing in aggregate 90% of the total number of Shares initially available under the Global Offering, will be conditionally placed with professional, institutional investors and other investors expected to have a sizeable demand for the Shares at the Offer Price under the International Placing, and 50,000,000 Shares, representing the remaining 10% of the total number of Shares initially available under the Global Offering, will be offered to the public in Hong Kong for subscription at the Offer Price under the Public Offer.

You may apply for Shares under the Public Offer or indicate an interest for Shares under the International 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 International Placing will involve the selective marketing of Shares to professional, institutional and other investors expected to have a sizeable demand for Shares. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings 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 Company's enlarged issued share capital immediately after the completion of the Global Offering. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital of the Company immediately after the completion of the Global Offering and the exercise of the Over-allotment Option. Further information about the Over-allotment Option is set out in the paragraph headed "Over-allotment Option and Stock Borrowing Arrangements" below.

The Global Offering is sponsored and lead managed by the Sole Sponsor. The Sole Sponsor is also the sole bookrunner of the Global Offering. The International Placing is fully underwritten by the International Placing Underwriters and the Public Offer is fully underwritten by the Public Offer Underwriters, in each case, on a several basis, and each being subject to the terms and conditions of the Underwriting Agreement.

PRICE PAYABLE ON APPLICATION

The Offer Price will be not more than HK\$2.78 per Public Offer Share and is expected to be not less than HK\$2.08 per Public Offer Share. Applicants under the Public Offer must pay, on application, the maximum Offer Price of HK\$2.78 per Public Offer Share plus 1% brokerage, a 0.004% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK\$2,808.05 per board lot of 1,000 Shares. Each Application Form includes a table showing the exact amount payable for certain multiples of Offer Shares.

If the Offer Price, as finally determined in the manner described below, is lower than the maximum price of HK\$2.78 per Share, appropriate refund payments will be made. Further details are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

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DETERMINING THE OFFER PRICE

The International Placing Underwriters are soliciting from prospective investors indications of interests in acquiring International Placing Shares. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about Thursday, 17 December 2009. The Offer Price is expected to be determined by the Sole Bookrunner (for itself and on behalf of the Underwriters), the Selling Shareholders and the Company on or before Thursday, 17 December 2009, or such later date as may be agreed by the Sole Bookrunner (for itself and on behalf of the Underwriters), the Selling Shareholders and the Company, but in any event not later than Tuesday, 22 December 2009.

If, based on the level of interests expressed by professional, institutional investors and other investors expected to have a sizeable demand for the Shares under the book-building process, the Sole Bookrunner (for itself and on behalf of the Underwriters, and with the consent of the Selling Shareholders and the Company) thinks it appropriate (for instance, if the level of interests is below the indicative Offer Price range) the Offer Price may be reduced to a price below the indicative Offer Price range stated in this prospectus at any time prior to the morning of the latest day for lodging applications under the Public Offer. In such 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 latest day for lodging applications under the Public Offer, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction of the Offer Price to a price below the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price will be final and conclusive and the Offer Price will be fixed at such revised Offer Price. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering 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 any such reduction. If applications for Public Offer Shares have been submitted prior to the day which is the latest day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot be subsequently withdrawn.

An announcement of, among other things, the final Offer Price, the results of applications and the basis of allotment of the Public Offer Shares is expected to be published on Wednesday, 23 December 2009.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Public Offer Shares is conditional upon, among other things:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and the respective Application Forms (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and Shares which may fall to be issued upon the exercise of any options that have been or may be granted under the Share Option Scheme subject to such customary conditions that may be imposed by the Stock Exchange;

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- (b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (which requires, amongst other things, that the Offer Price be agreed between the Sole Bookrunner (for itself and on behalf of the Underwriters), the Selling Shareholders and the Company), and the Underwriting Agreement not being terminated in accordance with its terms; and
- (c) the entering into of the Price Determination Agreement on or before the Price Determination Date or such other date as may be agreed between the Company, the Selling Shareholders and the Sole Bookrunner (for itself and on behalf of the Underwriters),

in each case on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than 30 days from the date of this prospectus (or if that is not a Business Day, the immediate preceding Business Day) (or such later date the Sole Bookrunner may agree in writing with the Company for itself and on behalf of the Underwriters).

If the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), the Selling Shareholders and the Company do not enter into the Price Determination Agreement on or before the Price Determination Date, the Global Offering will not proceed. If the above conditions are not fulfilled or waived by the Sole Bookrunner (for itself and on behalf of the Underwriters) prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse, and all application monies will be returned, without interest, on the terms set out in the section headed “Conditions of your application – Refund of your money” in the notes attached to the application forms. In the meantime, such application monies will be held in one or more separate bank accounts with the receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES

The Public Offer

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), will be divided equally into two pools: pool A and pool B:

- Pool A: The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

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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 under-subscribed and the other pool is over-subscribed, the surplus Public Offer Shares from the under-subscribed pool will be transferred to the over-subscribed pool to satisfy excess demand in the over-subscribed 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 identified and rejected. 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 and will not indicate an interest for any International Placing Shares under the International 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). The Company and the Sponsor have full discretion to reject or accept any application, or to accept only part of an application.

Allocation of the Public Offer Shares, including any Offer Shares which may be re-allocated from the International Placing, to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. Where the Public Offer is over-subscribed, 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 Public Offer Shares, and these applicants who are not successful in the ballot may not receive any Public Offer Shares.

International Placing

Allocation of the International Placing Shares to professional, institutional investors and other investors expected to have a sizeable demand in the Shares pursuant to the International Placing will be effected in accordance with the "book-building" process undertaken by the International Placing Underwriters. Final allocation of the International Placing Shares pursuant to the International 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 acquire further and/or hold or sell the International Placing Shares after the Listing. Such allocation is generally intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the shareholders of the Company as a whole.

Investors who have been allocated any of the International Placing Shares under the International 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 International Placing Shares under the International Placing.

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Over-subscription

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

- (a) if the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Public Offer Shares initially available for subscription under the Public Offer, then the Shares will be reallocated to the Public Offer from the International Placing so that an aggregate of 150,000,000 Public Offer Shares will be available for subscription under the Public Offer, representing 30% of the Offer Shares initially available under the Global Offering (assuming the Over-allocation Option is not exercised);
- (b) if the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Public Offer Shares initially available for subscription under the Public Offer, then the Shares will be reallocated to the Public Offer from the International Placing so that an aggregate of 200,000,000 Public Offer Shares will be available for subscription under the Public Offer, representing 40% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised); and
- (c) if the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Public Offer Shares initially available for subscription under the Public Offer, then the Shares will be reallocated to the Public Offer from the International Placing so that an aggregate of 250,000,000 Public Offer Shares will be available for subscription under the Public Offer, representing 50% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised).

In each such case, the additional Offer Shares re-allocated to the Public Offer will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

Under-subscription

If the Public Offer is under-subscribed, the Sole Bookrunner (for itself and on behalf of the Underwriters) may, at its absolute discretion re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the International Placing, in such proportion as it considers appropriate provided that there is sufficient demand under the International Placing to take up such re-allocated Offer Shares.

If the International Placing is under-subscribed, the Sole Bookrunner (for itself and on behalf of the Underwriters) may, at its absolute discretion re-allocate all or any of the unsubscribed International Placing Shares originally included in the International Placing to the Public Offer, in such proportion as it considers appropriate provided that there is sufficient demand under the Public Offer to take up such re-allocated Offer Shares. Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Global Offering, which is expected to be published on Wednesday, 23 December 2009.

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OVER-ALLOTMENT OPTION AND STOCK BORROWING ARRANGEMENTS

Under the Underwriting Agreement, the Company has granted to Mega Capital the right, but not obligation, to exercise the Over-allotment Option, exercisable at any time within 30 days after the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, Mega Capital has the right to require our Company to issue up to 75,000,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available for subscription under the Global Offering, solely for the purpose of covering over-allocations in the International Placing (if any). These Shares will be issued at the Offer Price. Mega Capital may, at its option, also cover any over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements from holders of the Shares or exercise of the Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. The maximum number of Shares that may be over-allocated in the International Placing shall not exceed the number of Shares that may be allotted and issued under the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

In order to facilitate settlement of over-allocations in connection with the International Placing, the Stock Borrowing Agreement has been entered into among Head Pearl and Mega Capital in compliance with Rule 10.07(3) of the Listing Rules. Under the Stock Borrowing Agreement, Head Pearl, being one of the substantial Shareholders has agreed with Mega Capital, that if requested by Mega Capital, it will, subject to the terms of the Stock Borrowing Agreement, make available to Mega Capital up to 75,000,000 Shares held by it, by way of stock lending, in order to cover Over-allotment Option in connection with the International Placing. The Stock Borrowing Agreement shall be subject to the conditions that:

- (a) such stock borrowing arrangement will only be effected by Mega Capital (for itself and on behalf of the International Placing Underwriters) for settlement of Over-allotment Option in the International Placing;
- (b) the maximum number of Shares to be borrowed from Head Pearl by Mega Capital (for itself and on behalf of the International Placing Underwriters) will be limited to the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;
- (c) the same number of Shares so borrowed shall be returned to Head Pearl or its nominees, as the case may be, from time to time on or before 5:00 p.m. on the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; or (ii) the day on which the Over-allotment Option is exercised and entertained in full in accordance with the Stock Borrowing Agreement and the terms of the relevant request from Mega Capital;
- (d) the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and regulatory requirements including those of Hong Kong; and
- (e) no payments or other benefit will be made to Head Pearl by Mega Capital or any of the International Placing Underwriters under the stock borrowing arrangement.

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TRANSFER OF SALE SHARES

All transfer of the Sale Shares to applicants (or their designated person(s)) will be effected on the Company's principal register of members in the Cayman Islands. An indication of interest in the International Placing Shares shall constitute an irrevocable instruction by the applicant(s) that the transfer of all the Sale Shares in respect of which the relevant application is accepted shall be effected on the Company's principal register of members in the Cayman Islands to be followed by a removal of the Sale Shares to the Company's Hong Kong branch register of members prior to the issue of share certificates.

STABILISATION

In connection with the Global Offering, Mega Capital may over-allocate Shares and may cover such over-allocations by means of exercising the Over-allotment Option no later than earlier of the thirtieth day after the last day for lodging of applications under the Public Offer or the commencement of trading of the Shares, stock borrowing, or making open market purchases of the Shares in the secondary market. 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 75,000,000 Shares, which is 15% of the Shares initially available for subscription under the Global Offering.

In addition, Mega Capital, or any person acting for it, may over-allot or effect transactions in the market or otherwise with a view to stabilising and maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the issue date in the market. 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 in compliance with all applicable laws, rules and regulatory requirements.

However, there is no obligation on Mega Capital or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of Mega Capital and may be discontinued at any time. Any such stabilisation activity is required to be brought to an end on the earlier of the thirtieth day of the last day for the lodging of applications under the Public Offer or the commencement of trading of the Shares.

As a result of effecting transactions to stabilise or maintain the market price of the Shares, Mega Capital, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period of which Mega Capital, or any person acting for it, will maintain the long position are at the discretion of Mega Capital and are uncertain. In the event that Mega Capital liquidates 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 Mega Capital, 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 in the Shares on the Stock Exchange after the Offer Price is announced and ends on the earlier of the thirtieth day after the last day for the lodging of applications under the Public Offer or the commencement of trading of the Shares. The stabilising period is expected to end on or before Saturday, 16 January 2010. After this date, when no further stabilising action may be taken, demand for the security, and therefore its price, could fall. Any stabilising action taken by Mega Capital, or any person acting for it, may not

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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 Mega Capital, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by subscribers or purchasers.

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 delay and, if possible, prevent a decline in the initial public offer price of such securities. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

Stabilisation is not a practice commonly associated with the distribution of securities in Hong Kong. In Hong Kong, such stabilisation activities are restricted to cases where underwriters genuinely purchase shares in the secondary market solely for the purpose of covering over-allocations in an offering. The relevant provisions of the SFO and the Securities and Futures (Price Stabilising) Rules, prohibit market manipulation in the form of pegging or stabilising the price of securities in certain circumstances.