
STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Public Offer as part of the Global Offering. HSBC is the Global Coordinator and sole bookrunner of the Global Offering.

The Global Offering consists of (subject to adjustment and the Over-allotment Option):

- the Public Offer of 20,000,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under “The Public Offer”; and
- the International Placing of 180,000,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) in the United States with QIBs in reliance on Rule 144A, and outside the United States in reliance on Regulation S.

All of the 200,000,000 Shares comprised in the Global Offering (assuming the Over-allotment Option is not exercised) are offered by the Selling Shareholder and the Company is not offering any Shares in the Global Offering.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer 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 in Hong Kong. The International Placing will involve selective marketing of the Offer Shares to QIBs in the United States in reliance on Rule 144A, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing 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 before the Price Determination Date.

The number of Offer Shares to be offered under the Public Offer and the International Placing respectively may be subject to reallocation as described in “Pricing and Allocation”.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Global Coordinator (on behalf of the Underwriters) and the Selling Shareholder, after consultation with the Company, on 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 Thursday, 22 April 2004 and in any event, no later than Monday, 26 April 2004.

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The Offer Price will be not more than HK\$4.20 per Offer Share and is expected to be not less than HK\$3.55 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Global Coordinator (on behalf of the Underwriters and with the consent of the Selling Shareholder) considers it appropriate, the indicative offer price range may be reduced 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, 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 on 21 April 2004, notice of the reduction in the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese). Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in “Summary” and any other information which may change as a result of such reduction. Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants under the Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the indicative offer price range is so reduced. The Offer Price, if agreed upon, will be fixed within such revised offer price range. In the absence of any notice being published of a reduction in the indicative offer price range stated in this prospectus on or before the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon, will under no circumstances be set outside the offer price range as stated in this prospectus.

The Shares to be offered in the Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Global Coordinator.

Allocation of Shares pursuant to the International Placing will be determined by the Global Coordinator and will be based on 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 Shares after the listing of the Shares on the Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

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Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants, but will be made strictly on a pro-rata basis, although the allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation 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.

The net proceeds from the Global Offering accruing to the Selling Shareholder (after deduction of underwriting fees and estimated expenses payable by the Selling Shareholder in relation to the Global Offering, assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$3.875, being the mid-point of the proposed Offer Price range of HK\$3.55 to HK\$4.20), are estimated to be approximately HK\$725 million.

The applicable Offer Price, level of applications in the Public Offer, the level of indications of interest in the International Placing, and the basis of allocations of the Public Offer Shares are expected to be announced on Tuesday, 27 April 2004 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

- (a) the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and Shares which may be issued pursuant to the Pre-IPO Share Option Scheme or the Share Option Scheme;
- (b) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (c) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the International Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the 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 16 May 2004.

If for any reason, the Offer Price is not agreed by 26 April 2004 between the Global Coordinator (on behalf of the Underwriters) and the Selling Shareholder, after consultation with our Company, the Global Offering will not proceed and will lapse.

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If the above conditions are not fulfilled or waived 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 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Public Offer Shares” of this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving banker or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

THE PUBLIC OFFER

The Selling Shareholder is initially offering 20,000,000 Shares at the Offer Price, representing 10% of the 200,000,000 Shares initially available under the Global Offering, for sale to the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 25% of our total issued share capital immediately after completion of the Global Offering. In Hong Kong, individual retail investors are expected to apply for Offer Shares through the Public Offer and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Placing will not be allocated Offer Shares in the International Placing.

The Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Public Offer to provide sufficient information to the Global Coordinator so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

The Offer Price will be not more than HK\$4.20 and is expected to be not less than HK\$3.55. Applicants under the Public Offer are required to pay, on application, the maximum offer price of HK\$4.20 per Share plus 1.0% brokerage fee, 0.005% SFC transaction levy, 0.002% investor compensation levy and 0.005% Stock Exchange trading fee. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$4.20, being the maximum price, the Selling Shareholder will refund the respective difference (including the brokerage fee, the SFC transaction levy, the investor compensation levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in “How to Apply for Public Offer Shares”.

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For allocation purposes only, the 20,000,000 Shares initially being offered for sale under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the International Placing) will be divided equally into two pools: Pool A comprising 10,000,000 Public Offer Shares and Pool B comprising 10,000,000 Public Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage, SFC transaction levy, investor compensation levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage, SFC transaction levy, investor compensation levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the 20,000,000 Shares initially comprised in the Public Offer (that is 10,000,000 Public Offer Shares) are liable to be rejected.

The allocation of Shares between the Public Offer and the International Placing is subject to adjustment. If the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Public Offer, the total number of Shares available under the Public Offer will be increased to 60,000,000, 80,000,000 and 100,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Global Coordinator deems appropriate, and such additional Shares will be allocated to Pool A and Pool B.

If the Public Offer Shares are not fully subscribed, the Global Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the International Placing, in such proportions as the Global Coordinator deems appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

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THE INTERNATIONAL PLACING

The number of Shares to be initially offered for sale under the International Placing will be 180,000,000 Shares, representing 90% of the Offer Shares under the Global Offering. The International Placing is subject to the Public Offer being unconditional.

Pursuant to the International Placing, the International Placing Underwriters will conditionally place the Shares with QIBs in the United States in reliance on Rule 144A, as well as with institutional and professional investors and other investors expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S.

The Selling Shareholder expects to grant the Over-allotment Option to the Global Coordinator, exercisable within 30 days after the last day for the lodging of applications under the Public Offer. A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Global Coordinator will have the right to require the Selling Shareholder to sell up to an aggregate of 30,000,000 additional Shares, representing in aggregate 15% of the initial Offer Shares, at the Offer Price, solely to cover over-allocations in the International Placing, if any.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 28 April 2004, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:30 a.m. on Wednesday, 28 April 2004.

UNDERWRITING ARRANGEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement, subject to agreement on the Offer Price between the Global Coordinator (on behalf of the Underwriters) and the Selling Shareholder, after consultation with the Company, on the Price Determination Date.

The Selling Shareholder and the Company expect, on or about 22 April 2004, shortly after determination of the Offer Price, to enter into the International Underwriting Agreement relating to the International Placing.

Underwriting arrangements, the Public Offer Underwriting Agreement and the International Underwriting Agreement are summarised in “Underwriting” of this prospectus.