
INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Subsidiary Legislation V of Chapter 571 of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this prospectus misleading; and
- (c) all opinion expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The Placing Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Placing to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by the Company, the Vendors, the Sponsor, the Lead Manager, the Placing Underwriters, any of their respective directors or any other person involved in the Placing.

CONSENT OF THE CSRC

On 22 April 2003, the CSRC granted its consent to the Company for (i) the issue of the new H Shares and the sale of the Sale H Shares; (ii) applying for the listing of the H Shares on GEM; and (iii) the Capital Reorganisation. In granting such consent, the CSRC accepts no responsibility for the financial soundness of the Company or the accuracy of any of the statements made or opinions expressed in this prospectus.

SELLING RESTRICTIONS

No action has been taken to permit any public offering of the Placing Shares or the distribution of this prospectus in any jurisdictions other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdictions or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

United States

The Placing Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or under any securities regulatory authority of any state of the U.S. and may not be offered, sold, pledged or transferred in the U.S. except in a transaction not subject to, or in accordance with, an applicable exemption from the registration requirements of the U.S. Securities Act.

United Kingdom

This prospectus has not been and will not be approved by an authorised person in the United Kingdom and has not been and will not be registered with the Registrar of Companies in the United Kingdom. The Placing Shares may not be offered or sold in the United Kingdom prior to

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

the expiry of a period of six months from the issue date or transfer date of the Placing Shares except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended, or the Financial Services and Markets Act 2000 (the “FSMA”). In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by such person in connection with the issue or sale of the Placing Shares except in circumstance in which section 21(1) of the FSMA does not or will not apply to the Company.

Singapore

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. The Placing Shares may not be offered or sold, nor may this prospectus or any document or other material in connection with the H Shares be issued, circulated or distributed, either directly or indirectly, to the public or any member of the public in Singapore other than to an institutional investor or other person specified in section 274 of the Securities and Futures Act (Act 42 of 2001) of Singapore (“Singapore S&F Act”), to a sophisticated investor, and in accordance with the conditions specified in section 275 of the Singapore S&F Act, or otherwise pursuant to, and in accordance with the conditions of, any other provision of the Singapore S&F Act, and in each case subject to compliance with conditions set forth in the Singapore S&F Act.

Japan

This prospectus has not been and will not be registered under the Securities and Exchange Law of Japan. The Placing Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an applicable exemption from the registration requirements of the Securities and Exchange Law of Japan and in compliance with any other applicable Japanese laws.

Taiwan

This prospectus has not been and will not be registered as a prospectus with the Securities and Futures Commission of Taiwan under the Securities and Exchange Law of Taiwan and the Company has not been and will not be registered under the Company Law of Taiwan and related laws and regulations of Taiwan. Accordingly, none of the Placing Shares may be offered for subscription or purchase or sold, directly or indirectly, to the public in Taiwan except in compliance with any applicable laws of Taiwan.

The PRC

This prospectus may not be circulated or distributed in the PRC and the Placing Shares may not be offered or sold, directly or indirectly, to any legal or natural persons or re-offer or re-sell, directly or indirectly, to any legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC.

Each person acquiring the Placing Shares will be required, and is deemed by his acquisition of the Placing Shares, to confirm that he is aware of the selling restrictions on the Placing Shares described in this prospectus and that he is not acquiring, and has not been offered any Placing Shares in circumstances that contravene any such restrictions.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

APPLICATION FOR LISTING ON GEM

The Company has applied to the GEM Listing Committee for the listing of, and permission to deal in, the H Shares which are to be issued or sold (as the case may be) pursuant to the Placing and upon the exercise of the Over-allocation Option and as otherwise described herein on the GEM.

No part of the share or loan capital of the Company is listed or dealt in on any other stock exchange and save as herein disclosed, no such listing or permission to deal is being or proposed to be sought.

In compliance with Rules 25.08 and 25.09 of the GEM Listing Rules, the Company must ensure that the H Shares are held by the public by at least 100 persons (except as otherwise permitted by the Stock Exchange). The H Shares must normally constitute not less than 10% of the registered share capital of the Company, and the aggregate amount of the H Shares and such other securities of the Company which are held by the public must constitute not less than 25% of the registered share capital of the Company.

Any allotment or transfer made in respect of any placing of the Placing Shares will be void if permission for the listing of, and dealing in, the H Shares on GEM is not obtained before the expiration of three weeks from the date of closing of the subscription lists or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

Only securities registered on the branch register of members of the Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

COMMENCEMENT OF DEALINGS IN H SHARES

Dealings in the H Shares on GEM are expected to commence on Wednesday, 5 November 2003 and the H Shares will be traded in board lots of 4,000 H Shares.

FULLY UNDERWRITTEN

The Placing is an offer for subscription by the Company of 147,058,824 New H Shares and an offer for sale by the Vendors of an aggregate of 14,705,882 Sale H Shares (subject to the Over-allocation Option) in Hong Kong, in each case at a price of not more than HK\$1.15 per H Share and expected to be not less than HK\$0.55 per H Share. The Placing Shares are being offered by way of placing to professional, institutional and other investors at the Placing Price. The Placing is subject to the conditions set out under the section headed "Structure and conditions of the Placing" in this prospectus. Each person subscribing for or purchasing the Placing Shares will be required to, or deemed by its subscription for or purchase of the Placing Shares to, confirm that it is aware of the restrictions on offers of the Placing Shares described in this prospectus. This prospectus is published solely in connection with the Placing.

The Placing is sponsored by CPY and fully underwritten by the Placing Underwriters. For further information about the underwriting arrangements, please refer to the section headed "Underwriting" of this prospectus.

Assuming that 161,764,706 H Shares are placed to the public and the Over-allocation Option is not exercised at all, 25% of the registered capital of the Company will be in public hands immediately upon listing. If the Over-allocation Option is exercised in full, 186,029,412 H Shares will be placed to the public, representing approximately 27.80% of the registered capital of the Company.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on GEM and the compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

The Company has instructed Computershare Hong Kong Investor Services Limited, its Hong Kong share registrar, and Computershare Hong Kong Investor Services Limited has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to the Company's Hong Kong share registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with the Company and each Shareholder, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Special Regulations and the Articles of Association;
- (ii) agrees with the Company, each of the Shareholders, Directors, Supervisors and senior officers of the Company, and the Company acting for itself and for each of the Directors, Supervisors and senior officers of the Company agrees with each of the Shareholders, to refer all differences and claims arising from the Articles of Association or any rights obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;
- (iii) agrees with the Company and Shareholder that H Shares are freely transferable by the holders thereof; and
- (iv) authorises the Company to enter into a contract on his behalf with each of the Directors and senior officers of the Company whereby such Directors and officers undertake to observe and comply with their obligations to shareholders as stipulated in the Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Placing Shares, you should consult an expert.

The Company, the Vendors, the Directors, the Sponsor, the Lead Manager, the Placing Underwriters and any other persons involved in the Placing do not accept responsibility for any tax effects on or liabilities resulting from the subscription, purchase, holding or disposal of, or dealing in or the exercise of any rights in relation to, the Placing Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

HONG KONG H SHARES REGISTER AND STAMP DUTY

All H Shares issued pursuant to the Placing will be registered on the Company's H Shares register of members maintained in Hong Kong. A duplicate of the Company's H Shares register of members will be maintained by the Company at its registered office. Dealings in the H Shares registered on the Hong Kong branch register of members of the Company will be subject to Hong Kong stamp duty.

STABILISING ACTION

In connection with the Placing, the Lead Manager, on behalf of the Placing Underwriters, or any person acting for it, may over-allocate or effect transactions with a view to supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. Such transactions, if commenced, may be discontinued at any time.

The possible stabilising action which may be taken by the Lead Manager in connection with the Placing may involve (among other things) (i) over-allocation of H Shares, (ii) purchases of H Shares, (iii) establishing, hedging and liquidating positions in H Shares, (iv) exercising the Over-allocation Option in whole or in part and/or (v) offering or attempting to do any of the foregoing.

Specifically, prospective investors in the Placing Shares should note that:

- the Lead Manager may, in connection with any stabilising action, maintain a long position in the H Shares;
- there is no certainty regarding the extent to which and the time period for which the Lead Manager will maintain such a position;
- liquidation of any such long position by the Lead Manager may have an adverse impact on the market price of the H Shares;
- no stabilising action can be taken to support the price of the H Shares for longer than the stabilising period which will expire on 23 November 2003, being the 30th day after the date of this prospectus. After this date, when no further action may be taken to support the price of the H Shares, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of any security (including the H Shares) cannot be assured to stay at or above its offer price by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Placing Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

STRUCTURE OF THE PLACING

Details of the structure of the Placing, including its conditions, are set out in the section headed "Structure and conditions of the Placing" in this prospectus.