
STRUCTURE AND CONDITIONS OF THE INTERNATIONAL PLACING

PRICE DETERMINATION

The Placing Price will be fixed by an agreement expected to be entered into between the Company and Cazenove (for itself and on behalf of the Placing Underwriters) at or before the Price Determination Time which is scheduled on or before 5:00 p.m., 27 November 2006 (or such later time and/or date as agreed between the Company and Cazenove (for itself and on behalf of the Placing Underwriters)) but in any event not later than 5:00 p.m. on 29 November 2006. If the Company and Cazenove (for itself and on behalf of the Placing Underwriters) are unable to reach an agreement on the Placing Price by the Price Determination Time or the Placing Underwriting Agreement is not signed, the International Placing will not proceed.

The Placing Price will not be higher than HK\$3.0 per H Share, and is currently expected to be not lower than HK\$2.4 per H Share. **Prospective investors of the Placing Shares should be aware that the Placing Price to be determined at or before the Price Determination Time may be, but is currently not expected to be, lower than the indicative range of the Placing Price stated in this prospectus.**

If, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, Cazenove (for itself and on behalf of the Placing Underwriters) and with the consent of the Company consider it appropriate (for instance, if the level of interest is below of indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, the Company shall, as soon as practicable following the decision to make such reduction, and in any event not later than Thursday, 30 November 2006 cause to be published on the GEM website notice of the reduction of the indicative Placing Price range.

The Placing Price, the level of indications of interests in the International Placing and the basis of allocations of the Placing Shares will be announced on the GEM website at or before 9:00 a.m. Thursday, 30 November 2006.

PRICE PAYABLE ON SUBSCRIPTION

Subscribers, when subscribing for H Shares, shall pay the Placing Price plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy. Assuming the Placing Price is HK\$3.0 or HK\$2.4 per H Share (being the highest and lowest prices of indicative Placing Price range) respectively, investors shall pay a total Placing Price of HK\$6,060.5 or HK\$4,848.4 respectively for every board lot of 2,000 H Shares.

CONDITIONS OF THE INTERNATIONAL PLACING

The International Placing is conditional upon:

- (1) the GEM Listing Committee granting listing of and permission to deal in the H Shares to be issued as described in this prospectus;

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- (2) the Placing Price having been agreed between the Company and Cazenove (for itself and on behalf of the Placing Underwriters) and the Price Determination Agreement having been executed and delivered at or before the Price Determination Time; and
- (3) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional (including if relevant, as a result of the waiver of any condition(s) by Cazenove (for itself and on behalf of the Placing Underwriters)), and such obligations not having been terminated in accordance with the terms of the Placing Underwriting Agreement,

in each case, on or before the dates and times specified in the Placing Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, 27 December 2006, being the date which is the 30th day after the date of this prospectus.

If these conditions are not fulfilled or (where applicable) waived by Cazenove (for itself and on behalf of the Placing Underwriters) on or before the day which is the 30th day after the date of this prospectus, the International Placing shall lapse and the Stock Exchange will be notified immediately. Notice of lapse of the International Placing will be caused to be published by the Company on the GEM website on the next day after such lapse.

THE INTERNATIONAL PLACING

The Company is initially offering 145,714,000 Placing Shares for subscription by way of the International Placing, representing about 30% of the Company's enlarged registered capital at the time after completing the International Placing, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Placing Shares will represent approximately 33% of the enlarged registered capital immediately after completion of the International Placing and the exercise of the Over-allotment Option as set out in the paragraph headed "Stabilization and Over-allotment Option" below. Subject to the terms and conditions of the Placing Underwriting Agreement (including an agreement on the Placing Price), the Placing Shares are expected to be fully underwritten by the Placing Underwriters.

The Placing Underwriters or agents nominated by them on behalf of the Company will conditionally place the Placing Shares at the Placing Price with professional, institutional and/ or other investors in Hong Kong anticipated to have a sizeable demand for the Placing Shares. Conditionally upon complying with the relevant rules and regulations, the Placing Shares can be placed with individual investors in Hong Kong. Professional and/or institutional investors generally include dealers, brokers, 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.

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 H Shares and/or hold or sell its H Shares after the listing of the H

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Shares on GEM. 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.

No allocations will be made to nominee companies unless the name of the ultimate beneficiary is disclosed, without the prior written consent of the Stock Exchange. Details of the International Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

STABILIZATION AND OVER-ALLOTMENT OPTION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Placing Underwriters may bid for, agree to purchase or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, to prevent a decline in the initial public offer prices of the securities. 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. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Placing Price.

In connection with the International Placing, Cazenove (for itself and on behalf of the Placing Underwriters) may over-allocate H Shares or effect transactions with a view to supporting the market price of the Placing Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. In covering such over-allocations, Cazenove (for itself and on behalf of the Placing Underwriters) may exercise the Over-allotment Option no later than 30 days after the Listing Date or make (or agree, offer or attempt to make) open-market purchases in the secondary market. Cazenove (for itself and on behalf of the Placing Underwriters) may also sell or agree to sell any H Shares acquired in the course of any stabilization action in order to liquidate any position that has been established by such action. Any such secondary market purchase or sale will be made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Cazenove to conduct any such stabilizing action which, if taken, may be discontinued at any time at the absolute discretion of Cazenove and is required to be brought to an end after a limited period. The number of H Shares over-allocated will not be greater than the maximum number of H Shares which may be issued upon exercise of the Over-allotment Option, being 21,856,000 H Shares, which is approximately 15% of the Placing Shares initially available for subscription under the International Placing. Pursuant to section 3 of the Price Stabilizing Rules, stabilizing action may only take place, among other factors, where the total value of the International Placing is not less than HK\$100 million. If Cazenove (for itself and on behalf of the Placing Underwriters) decides to exercise the Over-allotment Option, it will be exercised solely to cover over-allocations in the International Placing. The Placing Shares (including any over-allocations) will be allocated prior to the commencement of trading of the H Shares on GEM.

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If the Over-allotment Option is exercised in full, the aggregate number of H Shares to be issued pursuant thereto will represent approximately 33% of the enlarged registered capital of the Company following completion of the International Placing and full exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made by the Company.

In order to cover over-allocations in the International Placing, Cazenove may enter into stock borrowing arrangements with certain of the placees of the International Placing, under which such placees would agree to lend to Cazenove some or all of the H Shares allotted to them so that Cazenove may use those H Shares to satisfy the over-allocations. Cazenove may, in its sole and absolute discretion, exercise the Over-allotment Option requiring the Company to issue and allot H Shares for return to those placees upon the expiry of the Over-allotment Option, being 30 days after the Listing Date.

Cazenove may, in connection with the stabilizing action, maintain a long position in the H Shares. The size of the long position and the period of time for which Cazenove will maintain such a position is at the discretion of Cazenove and is uncertain. In the event that Cazenove liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilization action cannot be taken to support the price of the Placing Shares for longer than the stabilizing period beginning on the date of commencement of trading of the Placing Shares after this prospectus is issued and ending on the 30th day after the closing date (as such term is defined in the Price Stabilizing Rules). The stabilizing period is expected to expire on Saturday, 30 December 2006, and that after this date, when no further stabilizing action may be taken, the demand for and the price of the H Shares could fall. Within seven days after the end of the stabilization period, the Company will make a public announcement disclosing information in compliance with section 9 of and schedule 3 to the Pricing Stabilizing Rules.

Investors should be aware that the price of the H Shares cannot be assured to stay at or above the Placing Price by implementing any stabilizing action. Stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Placing Price, which means that stabilizing bids may be made or transactions effected a price below the price the investor has paid for the Placing Shares.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on GEM are expected to commence on Friday, 1 December 2006.

The H Shares will be traded in board lots of 2,000 each.

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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 to be issued pursuant to the International Placing and any H Shares which may fall to be allotted and issued pursuant to any exercise of the Over-allotment Option on GEM by GEM Listing Committee and the compliance by the Company 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 date of commencement of dealings in the H Shares on GEM or such other date as determined by HKSCC. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

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