
STRUCTURE AND CONDITIONS OF THE PLACING

PLACING PRICE

The Placing Price is HK\$1.36 per Placing Share. Subscribers, when subscribing for the Shares, shall pay the Placing Price plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, representing a total of approximately HK\$2,747.44 for every board lot of 2,000 Shares.

The level of indications of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the GEM website at *www.hkgem.com* and the Company's website at *www.iel.hk* at or before 9:00 a.m. Monday, 15 October 2007.

CONDITIONS OF THE PLACING

The Placing is conditional upon:

- (1) the GEM Listing Committee granting listing of and permission to deal in the Shares to be issued as described in this prospectus; and
- (2) the obligations of the Underwriters under the Underwriting Agreement becoming and remaining unconditional (including if relevant, as a result of the waiver of any condition(s) by Daiwa Securities SMBC (for itself and on behalf of the Underwriters)), and such obligations not having been terminated in accordance with the terms of the Underwriting Agreement, 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 not later than the 30th day after the date of this prospectus.

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

THE PLACING

The Company is initially offering 228,000,000 Placing Shares for subscription by way of the Placing, representing 25% of the Company's enlarged issued share capital at the time after completing the 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 27.7% of the enlarged issues share capital immediately after completion of the Placing and the exercise of the Over-allotment Option as set out in the paragraph headed "Stabilisation and Over-allotment Option" below. Subject to the terms and conditions of the Underwriting Agreement, the Placing Shares are expected to be fully underwritten by the Underwriters.

The Underwriters or agents nominated by them on behalf of the Company will conditionally place the Placing Shares at the Placing Price plus a 1% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.004% SFC transaction levy with professional, institutional and private investors 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 private investors in Hong Kong. Professional and/or institutional investors generally include dealers, brokers, companies (including

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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 Shares and/or hold or sell its 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 the Company and its shareholders as a whole.

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

STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Placing, Daiwa Securities SMBC (for itself and on behalf of the Underwriters) may over-allocate 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, Daiwa Securities SMBC (for itself and on behalf of the 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. Daiwa Securities SMBC (for itself and on behalf of the Underwriters) may also sell or agree to sell any Shares acquired in the course of any stabilisation 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 Daiwa Securities SMBC to conduct any such stabilising action which, if taken, may be discontinued at any time at the absolute discretion of Daiwa Securities SMBC and is required to be brought to an end after a limited period. The number of Shares over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 34,200,000 Shares, which is 15% of the Placing Shares initially available for subscription under the Placing. Pursuant to section 3 of the Price Stabilising Rules, stabilising action may only take place, among other factors, where the total value of the Placing is not less than HK\$100 million. If Daiwa Securities SMBC (for itself and on behalf of the Underwriters) decides to exercise the Over-allotment Option, it will be exercised to cover over-allocations in the Placing. The Placing Shares (including any over-allocations) will be allocated prior to the commencement of trading of the Shares on GEM.

If the Over-allotment Option is exercised in full, the aggregate number of Shares to be issued pursuant thereto will represent approximately 3.6% of the enlarged registered capital of the Company following completion of the Placing and full exercise of the Over-allotment Option (assuming there is no exercise of the Pre-IPO Share Options or options to be granted pursuant to the Share Option Scheme). 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 Placing, Daiwa Securities SMBC has entered into the Stock Borrowing Agreement with Ever Prosper, under which Ever Prosper has agreed to lend to Daiwa Securities SMBC up to 34,200,000 Shares, so that Daiwa Securities SMBC may use those Shares to satisfy the over-allocations. Daiwa Securities SMBC may, in its sole and absolute discretion, exercise the Over-allotment Option requiring the Company to issue and allot Shares to return the Shares borrowed to Ever Prosper up to the expiry of the Over-allotment Option, being 30 days after the Listing Date.

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The Stock Borrowing Agreement is for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option. The maximum number of Shares to be borrowed from Ever Prosper is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option. The same number of Shares borrowed will be returned to Ever Prosper and deposited with its escrow agent within three business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full.

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

Stabilization action cannot be taken to support the price of the Placing Shares for longer than the stabilizing period beginning on the Listing Date and ending on the 30th day after the closing date (as such term is defined in the Securities and Futures (Price Stabilizing) Rules). The stabilizing period is expected to expire on Thursday, 15 November 2007, and that after this date, when no further stabilizing action may be taken, the demand for and the price of the 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 Securities and Futures (Price Stabilizing) Rules.

Investors should be aware that the price of the 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 SHARES

Dealings in the Shares on GEM are expected to commence on Tuesday, 16 October 2007. The Shares will be traded in board lots of 2,000 each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the 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 determined by HKSCC. 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 Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional adviser.