
STRUCTURE OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published solely in connection with the Hong Kong Public Offer and the Placing, which together constitute the Share Offer. The Share Offer consists of:

- (i) the Hong Kong Public Offer of an initial 3,043,500 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below; and
- (ii) the Placing of an initial 27,391,300 Offer Shares (subject to adjustment as mentioned below): (a) in the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A; and (b) outside the United States in accordance with Regulation S.

PRICING AND ALLOCATION

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring Shares in the Placing. Prospective investors will be required to specify the number of 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, 26th October, 2002.

The Offer Price will be determined by reference, among other factors, to the closing price of the Shares on the London Stock Exchange on the last trading day before the Price Determination Date. The Offer Price will be not more than the maximum offer price as stated in the Application Forms.

If the Hong Kong dollar equivalent of the closing trading price of the Shares on the London Stock Exchange on the last trading day before the Price Determination Date were to exceed the maximum offer price as stated in the Application Forms, the offer price per Share for the Placing Shares (exclusive of SFC transaction levy and Hong Kong Stock Exchange trading fee) may be higher than the Offer Price to take into account the then current trading price of the Shares. Except as provided above, the offer price per Share (exclusive of brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) in the Hong Kong Public Offer and the Placing will be identical. In no circumstances will the Offer Price in the Hong Kong Public Offer be greater than the maximum offer price as stated in the Application Forms or the offer price per Share in the Placing. The Company reserves the right not to proceed with the Hong Kong Public Offer or the Placing on or at any time until the Price Determination Date if, for any reason, including as a result of share price volatility or other changes in market conditions, the pricing of the Offer Shares is not agreed.

The Offer Price is expected to be determined by agreement between the Global Coordinator, on behalf of the Underwriters and after consultation with the Co-Sponsor, and the Company, on the Price Determination Date, when market demand for the Offer Shares will be determined and after closing of trading of the Shares on the London Stock Exchange. The Price Determination Date is expected to be on or around 26th October, 2002. If, for any reason, the pricing of the Offer Shares is not agreed between the Global Coordinator (on behalf of the Underwriters), after consultation with the Co-Sponsor, and the Company, by 29th October, 2002, the Hong Kong Public Offer and the Placing will not proceed.

STRUCTURE OF THE SHARE OFFER

The Hong Kong Public Offer is open to members of the public in Hong Kong. The Placing will include selective marketing of Shares by the Placing Underwriters to international and professional investors anticipated to have a sizeable demand for the Shares. Professional investors generally include brokers, dealers and 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 Shares pursuant to the Placing (further details of which are contained in the paragraph headed "The Placing" in this section) 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 buy further, and/or hold or sell its Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would further the establishment of a solid international and professional shareholder base to the benefit of the Company and its shareholders as a whole.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares pursuant to the Share Offer will be conditional on, *inter alia*:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares (including the additional Shares which may be made available pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in Shares on the Hong Kong Stock Exchange;
- (ii) the Company having submitted to the U.K. Listing Authority and the London Stock Exchange all requisite documents to enable the Offer Shares to be admitted to the Official List and to trading on the London Stock Exchange;
- (iii) the Offer Price being duly determined and the execution and delivery of the Placing and Underwriting Agreement on the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of their respective Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms of their respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent that such conditions are validly waived on or before such dates and times), and in any event not later than 20th November, 2002.

The consummation of each of the Placing and the Hong Kong Public Offer is conditional upon, amongst other things, the Hong Kong Public Offer and the Placing respectively becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be caused to be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times

STRUCTURE OF THE SHARE OFFER

(in Chinese) on the next day following such lapse. In such eventuality, all application monies, if received, will be returned, without interest, on the terms set out in the section headed “How to apply for Hong Kong Public Offer Shares” of this prospectus. In the meantime, all application monies received will be held in a separate bank account(s) with the receiving banks.

THE HONG KONG PUBLIC OFFER

Under the Hong Kong Public Offer, the Company is initially offering 3,043,500 Offer Shares at the Offer Price, representing approximately 10% of the 30,434,800 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Offer Shares initially offered under the Hong Kong Public Offer will represent approximately 0.3% of the Company’s total issued share capital immediately after completion of the Share Offer, assuming that no Shares are issued after the Latest Practicable Date and that the Over-allotment Option is not exercised. In Hong Kong, individual retail investors must apply for Offer Shares through the Hong Kong Public Offer and individual retail investors, including individual investors in Hong Kong, applying through banks and other institutions, seeking Shares in the Placing will not be allotted Shares.

For allocation purposes only, of the 3,043,500 Offer Shares initially being offered for purchase under the Hong Kong Public Offer:

- (i) 450,000 Hong Kong Public Offer Shares (representing approximately 1.5% of the total number of Shares initially being offered under the Share Offer) will be available for applications by eligible employees of the Group (other than the Directors and their associates (as defined in the Hong Kong Listing Rules)); and
- (ii) 2,593,500 Hong Kong Public Offer Shares (representing approximately 8.5% of the total number of Shares initially being offered under the Share Offer) will be available for subscription by the public.

Paragraph 3 of Practice Note 18 of the Hong Kong Listing Rules, entitled “Initial Public Offer of Securities”, requires the total number of Hong Kong Public Offer Shares pursuant to (ii) above to be divided equally into pools: Pool A and Pool B. Each valid application (other than made pursuant to (i) above) that has been received for Hong Kong Public Offer Shares to a value (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable thereon) of HK\$5 million or less will fall into Pool A and each valid application (other than made pursuant to (i) above) that has been received for Hong Kong Public Offer Shares to a value (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable thereon) of more than HK\$5 million will fall into Pool B.

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with paragraph 3 of Practice Note 18 of the Hong Kong Listing Rules such that the Global Coordinator, after consultation with the Company, shall have additional flexibility in determining the number of Hong Kong Public Offer Shares comprising each of Pool A and Pool B. The number of Hong Kong Public Offer Shares comprised in Pool A and Pool B will initially be divided equally between the two pools. However, if demand for Hong Kong Public

STRUCTURE OF THE SHARE OFFER

Offer Shares falling within Pool A is significant or otherwise justified, and irrespective of whether Pool B is undersubscribed or not, the number of Hong Kong Public Offer Shares comprised in Pool A may be increased in order to increase the allocation ratio of Pool A, with a view to allowing more Pool A applicants to receive allocations of Hong Kong Public Offer Shares.

In accordance with Practice Note 18 of the Hong Kong Listing Rules, Hong Kong Public Offer Shares in each of Pool A and Pool B are available on an equitable basis to applicants falling within each pool.

Applications for more than the total number of Hong Kong Public Offer Shares originally allocated to each pool may not be accepted. On the basis that the number of Hong Kong Public Offer Shares originally allocated to Pool B will not be more than 50% of the Offer Shares initially comprised in the Hong Kong Public Offer, excluding those offered pursuant to (i) above (that is 450,000 Offer Shares), any application for over 1,296,750 Hong Kong Public Offer Shares is liable to be rejected. Applicants should be aware that applications in Pool B are likely to receive different allocation ratios than applications in Pool A. Where either of the pools is undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Public Offer Shares from Pool A or Pool B but not from both pools. Multiple or suspected multiple applications are liable to be rejected.

If there is an over-subscription, allocation of the Hong Kong Public Offer Shares to investors under the Hong Kong Public Offer, both in relation to Pool A and Pool B, will be based solely on the level of valid applications received. The basis of allocation in each pool may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by each applicant, but, subject to that, will otherwise be made on a strictly pro rata basis, although the allocation of Hong Kong Public Offer Shares could, where appropriate, involve balloting, which would mean that some applicants may be allocated more Hong Kong Public Offer Shares than others who have applied for the same number of Hong Kong Public Offer Shares and that applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The allocation of the Shares between the Hong Kong Public Offer and the Placing is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Share Offer if certain prescribed total demand levels are reached. The Hong Kong Stock Exchange has granted a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that in the event of over-applications, the Global Coordinator, after consultation with the Company and the Co-Sponsor, shall apply a clawback mechanism on the following bases. If the number of the Shares validly applied for under the Hong Kong Public Offer represents more than one time but less than 15 times the number of Shares initially available for subscription by the public under the Hong Kong Public Offer, then Shares will be reallocated to the Hong Kong Public Offer from the Placing, so that the total number of the Shares available under the Hong Kong Public Offer will be at least 3,043,500 Shares (representing approximately 10% of the Offer

STRUCTURE OF THE SHARE OFFER

Shares initially available under the Share Offer). If the number of Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of the Shares initially available for subscription under the Hong Kong Public Offer, then Shares will be reallocated to the Hong Kong Public Offer from the Placing, so that the total number of Shares available under the Hong Kong Public Offer will be at least 9,130,450 Shares (representing approximately 30% of the Offer Shares initially available under the Share Offer). If the number of Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the Placing will be increased so that the total number of the Shares available under the Hong Kong Public Offer will be at least 12,173,900 Shares (representing approximately 40% of the Offer Shares initially available under the Share Offer). If the number of the Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of the Shares initially available for subscription under the Hong Kong Public Offer, then the number of the Shares to be reallocated to the Hong Kong Public Offer from the Placing will be increased, so that the total number of the Shares available under the Hong Kong Public Offer will be at least 15,217,400 Shares (representing approximately 50% of the Offer Shares initially available under the Share Offer). In each such case, the Global Coordinator, after consultation with the Company and the Co-Sponsor, shall have absolute discretion in determining the additional Shares reallocated to the Hong Kong Public Offer and the number of Shares allocated to the Placing will be correspondingly reduced.

The final number of Hong Kong Public Offer Shares comprised in the Hong Kong Public Offer, Pool A and Pool B, respectively, will, following the determination by the Global Coordinator, after consultation with the Company and the Co-Sponsor, be published on 29th October, 2002, with the announcement of the Offer Price, the level of indications of interests in the Placing, the level of applications in the Hong Kong Public Offer and the basis of allocations of the Hong Kong Public Offer Shares.

If the Hong Kong Public Offer is not fully subscribed, the Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Public Offer Shares to the Placing as the Global Coordinator deems appropriate.

Each applicant under the Hong Kong 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 Shares under the Placing, and such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be).

The Offer Price will be determined by reference to, among other factors, the closing price of the Shares on the London Stock Exchange on the last trading day before Price Determination Date and will not be more than the maximum offer price stated in the Application Forms. Applicants for Hong Kong Public Offer Shares under the Hong Kong Public Offer are required to pay, on application, the maximum offer price stated in the Application Forms, plus brokerage of 1%, the SFC transaction levy of 0.007% and the Hong Kong Stock Exchange

STRUCTURE OF THE SHARE OFFER

trading fee of 0.005%. If the Offer Price as finally determined in the manner described above is less than the maximum offer price stated in the Application Forms, appropriate refund payments (including brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants. The Company reserves the right not to proceed with the Hong Kong Public Offer or the Placing on or at any time until the Price Determination Date if, for any reason, including as a result of share price volatility or other changes in market conditions, the pricing of the Offer Shares is not agreed.

THE PLACING

The Placing will consist of an offering of an initial 27,391,300 Offer Shares, representing approximately 90% of the 30,434,800 Shares initially available under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Hong Kong Public Offer, the Offer Shares to be offered under the Placing will represent approximately 2.4% of the Company's issued share capital immediately after completion of the Share Offer (assuming no issue of Shares after the Latest Practicable Date and before any exercise of the Over-allotment Option).

Allocations of the Offer Shares to investors pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" in this section.

The Placing is subject to the same conditions as set out in the paragraph headed "Conditions of the Share Offer" in this section.

EMPLOYEE PREFERENTIAL OFFER

450,000 Offer Shares (representing approximately 1.5% of the total number of Shares initially available under the Share Offer) are available for subscription by eligible employees of the Group (other than the Directors and their associates (as defined in the Hong Kong Listing Rules)).

Hong Kong Listing Rule 10.04 restricts any person who is an existing shareholder of the Company from subscribing for or purchasing shares of the Company if such Shares are offered to him on a preferential basis or if preferential treatment is given to him. The Hong Kong Stock Exchange has granted a waiver from the requirement that any offer made to the employees of the Company or its subsidiaries or associated companies on a preferential basis cannot be made to the existing shareholders of the Company, such that eligible employees (other than the Directors and their associates (as defined in the Hong Kong Listing Rules)) who are existing shareholders of the Company may apply for Shares in the Employee Preferential Offer.

Each eligible employee will be entitled to purchase Hong Kong Public Offer Shares with the same assured entitlement of Shares. This has already been communicated to the eligible employees. Eligible employees can apply for less than, equal to or more than their assured entitlement, and eligible employees who apply for more than their assured

STRUCTURE OF THE SHARE OFFER

entitlement may receive such additional Hong Kong Public Offer Shares depending upon the aggregate level of applications by other eligible employees. If the sum of the assured entitlements of those eligible employees who apply under the Employee Preferential Offer is less than 450,000 Hong Kong Public Offer Shares that are available to eligible employees, any such excess Hong Kong Public Offer Shares will be allocated in multiples of full board lots to those eligible employees who apply for more than their assured entitlement. Allocation of these Hong Kong Public Offer Shares will be made in an equitable manner and will not be based on the seniority, the length of service or the work performance of the eligible employees. Any Shares not subscribed by eligible employees in connection with the Employee Preferential Offer will be available for subscription by the public under the Hong Kong Public Offer.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement.

The Company expects to enter into the Placing and Underwriting Agreement with the Placing Underwriters on or about 26th October, 2002.

These underwriting arrangements and the Hong Kong Underwriting Agreement and the Placing and Underwriting Agreement are summarised in the section headed "Underwriting" of this prospectus.

OVER-ALLOTMENT OPTION

Under the Placing and Underwriting Agreement, the Company intends to grant to the Placing Underwriters the Over-allotment Option, exercisable by the Global Coordinator on behalf of the Placing Underwriters and after consultation with the Co-Sponsor and the Company, to the extent practicable, 30 days from the date on which dealings in the Shares commence on the Hong Kong Stock Exchange, to require the Company to issue and allot up to an aggregate of 4,565,200 additional Shares solely to cover over-allocations in the Placing, if any. The Global Coordinator may also cover over-allocations in accordance with arrangements described in the paragraph "Stabilisation" in the section headed "Information about this Prospectus and the Share Offer" of this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 6:00 a.m. in Hong Kong on 31st October, 2002, it is expected that dealings in Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on 31st October, 2002.