

DIRECTORS' RESPONSIBILITIES FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

CONSENT OF CSRC

On 18th November, 2003, the CSRC issued a document 證監國合字[2003]41號 approving the application by the Company to list the Offer Shares on the Main Board. In granting such consent, the CSRC accepts no responsibility for the financial soundness of the Company nor the accuracy of any of the statements made or opinions expressed in this prospectus or in the application forms.

Fully underwritten

This prospectus is published solely in connection with the Share Offer for which CE Securities is the Lead Manager, and for which China Everbright is the Sponsor. The Placing is fully underwritten by the Underwriters. For details of the underwriting arrangements, please refer to the section headed “Underwriting” of this prospectus.

Details of the conditions of the Share Offer are set out under the section headed “Structure of the Share Offer” of this prospectus.

Determination of the Offer Price

The Offer Shares are being offered at the Offer Price which will be determined by the Lead Manager (on behalf of the Underwriters) and the Company on or before Tuesday, 16th December, 2003, or such later date or time as may be agreed by the Lead Manager (on behalf of the Underwriters) and the Company but in any event no later than 9:00 a.m. on Thursday, 18th December, 2003.

If the Lead Manager (on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before Tuesday, 16th December, 2003, or such later date or time as may be agreed by the Lead Manager (on behalf of the Underwriters) and the Company, but in any event no later than 9:00 a.m. on Thursday, 18th December, 2003, the Share Offer will not become unconditional and will lapse.

Selling Restrictions on H Shares

No action has been taken in any jurisdiction other than Hong Kong to permit any placing of the H Shares or the distribution of this prospectus in any jurisdiction 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 jurisdiction 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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

The PRC

This prospectus does not constitute a public offer of the H Shares, whether by way of sale or subscription, in the PRC and may not be circulated or distributed in the PRC. The H Shares are not being offered and may not be offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Under the laws and regulations of the PRC, the H Shares may be offered or sold only to legal or natural persons in Taiwan, Hong Kong or Macau or any country other than the PRC by means of this prospectus or otherwise.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of Offer Shares to confirm that, he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for the Share Offer are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, purchase or holding or dealing in the Shares. It is emphasised that none of the Company, the Lead Manager, the Underwriters, their respective directors, agents or advisers or any other parties involved in the Placing accepts responsibility for any tax effects on, or liability of, holders of Shares resulting from the subscription for, purchase, holding or disposal of Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued pursuant to the Share Offer will be registered on the register of members of the Company to be maintained in Hong Kong. A copy of the H Share register of members of the Company will be maintained in the principal office of the Company. Dealings in the Offer Shares registered on the Hong Kong register of members of the Company will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in respect of the H Shares will be paid to the shareholders listed on the register of the Company, by ordinary post at the shareholders' risks to the registered address of each shareholder.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the listing committee of the Stock Exchange for listing of and permission to deal in the H Shares to be issued pursuant to the Share Offer (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option and Share Option Scheme (of which the total number of H Shares which may be issued will be limited to 10% of the H Shares in issue upon listing)). No part of the share capital of the Company is listed on or dealt with in any other stock exchange. At present, the Company is not seeking for the listing or permission to deal in the Shares on any other stock exchange.

COMMENCEMENT OF DEALINGS IN H SHARES

Dealings in H Shares on the Stock Exchange is expected to commence on Tuesday, 23rd December, 2003. H Shares will be traded in board lots of 2,000 shares each.

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 as well as 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 on any other date 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 the CCASS Operational Procedures in effect from time to time.

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

EXCHANGE RATE CONVERSION

The Company prepares its financial statements in Renminbi. This prospectus sets out certain conversion rates of Renminbi amounts into HK dollars for information only. No representation is made that the Renminbi amounts set out in this prospectus could have been, or could be, converted into HK dollars amounts set out in this prospectus (or vice versa), as the case may be, at a particular rate on such dates or any other date.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF THE H SHARES

The Company has instructed Computershare Hong Kong Investor Services Limited as 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 share registrar in respect of those H Shares bearing statements to the effect that:

- the holder 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;
- the holder agrees with the Company, each Shareholder, Director, Supervisor and senior officer of the Company, and the Company acting for itself and for each Director, Supervisor and senior officer of the Company agrees with each Shareholder to refer all differences and claims arising from the Articles of Association or any rights or 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;
- the holder agrees with the Company and each Shareholder that H Shares in the Company are freely transferable by the holders thereof; and
- the holder authorises the Company to enter into a contract on his behalf with each Director and senior officer of the Company whereby such Directors and senior officer undertake to observe and comply with their obligations to shareholders as stipulated in the Articles of Association.

OVER-ALLOTMENT OPTION

Pursuant to the Underwriting Agreement, the Company has granted the Lead Manager (on behalf of the Placing Underwriters) the Over-allotment Option exercisable within 30 days of the latest day for the lodging of applications under the Public Offer, pursuant to which the Company may be required to issue up to 47,495,455 additional new H Shares and the Vendors may be required to sell up to additional 4,749,545 Sale H Shares, representing 15% of the number of Shares initially available under the Share Offer, to such person or persons as the Lead Manager may direct, at the Offer Price. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 30.48% of the enlarged share capital of the Company.

The Lead Manager may also cover such over-allocations by (amongst others) making purchases in the secondary market, or by both making purchases in the secondary market and exercising in full or in part the Over-allotment Option. Any purchases in the secondary market will be in compliance with all applicable laws and regulatory requirements, and the price will not be higher than the Offer Price.

STABILISATION

The Lead Manager may effect transactions which stabilise or maintain the market price of the H Shares. 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. Such transactions, if commenced, may be discontinued at any time and are required to be brought to an end after a limited period. Should stabilising transactions be effected in connection with the distribution of the H Shares, they will be done at the absolute discretion of the Lead Manager which begins on the Listing Date and ends on the 30th day after the last day for the lodging of application under the Public Offer.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer prices of the securities. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

Any stabilising action taken by the Lead Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of the H Shares by the Lead Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by subscribers or purchasers.

Stabilisation is not a practice commonly associated with the distribution of securities in Hong Kong. In Hong Kong, such stabilisation activities on the Stock Exchange are restricted to cases where underwriters genuinely purchase shares on the secondary market solely for the purpose of covering over-allocations in an offering. The relevant provisions of the SFO prohibits market manipulation in the form of pegging or stabilising the price of securities in certain circumstances.

PROCEDURE FOR APPLICATION FOR H SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed “How to apply for the Public Offer Shares” in this prospectus and on the relevant applications forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure of the Share Offer” in this prospectus.