

SHARE CAPITAL

The following is a description of our authorized and issued Share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately before and after completion of the Offering:

		HK\$
Authorized Share capital:		
10,000,000,000	Shares	1,000,000.00
Issued Shares⁽¹⁾:		
1,260,480,760	Shares in issue at the date of this Prospectus	126,048.08
Shares to be issued:		
420,160,500	Shares to be issued by us under the Offering	42,016.05
Total shares already issued and to be issued under the Offering⁽¹⁾:		
1,680,641,260	Shares (excluding any Shares which may be issued under the Over-allotment Option)	168,064.13

Note:

(1) As of May 31, 2004, options for an aggregate of 72,386,370 Shares were outstanding, with exercise prices ranging from US\$0.0497 to US\$0.4396 per Share.

ASSUMPTIONS

The table above assumes the Offering becomes unconditional and is completed. It takes no account of (a) any of the new Shares which may be issued upon the exercise of the Over-allotment Option or (b) any options which have been granted or may be granted under the Share Option Scheme (see Appendix VII to this Prospectus) or (c) any Shares which may be issued under the general mandate given to the Directors for the issue and allotment of Shares (see Appendix VII to this Prospectus) or (d) any Shares which may be repurchased by the Company pursuant to the general mandate given to the Directors for the repurchase of Shares (see Appendix VII to this Prospectus).

RANKING

The Offer Shares will rank *pari passu* with all of the Shares now in issue or to be issued, and will qualify for all dividends, income or other distributions declared, made or paid on, or any other rights and benefits attaching to or accruing from, the Shares after the date of this Prospectus.

GENERAL MANDATE TO ISSUE SHARES

If the Offering becomes unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares (otherwise than pursuant to a rights issue or pursuant to the exercise of any options which have been granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles of Association), with an aggregate nominal value of not more than the sum of:

- 20% of the total nominal amount of our Share capital in issue and to be issued (as set out in the above table); and

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- the total amount of our Share capital repurchased by us (if any).

This mandate will expire:

- at the end of our next annual general meeting;
- at the end of the period within which we are required by law or our Articles of Association to hold our next annual general meeting; or
- when varied or revoked by an ordinary resolution of our Shareholders in a general meeting;

whichever is the earliest.

For further details of this general mandate, see the section entitled “Written Resolutions of the Shareholders of the Company” in Appendix VII to this Prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

If the Offering becomes unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of our Share capital issued and to be issued (as set out in the above table).

This mandate only relates to repurchases made on the Stock Exchange and on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section entitled “Repurchase by the Company of its own securities” in Appendix VII to this Prospectus.

This mandate will expire:

- at the end of our next annual general meeting;
- at the end of the period within which we are required by law or our Articles of Association to hold our next annual general meeting; or
- when varied or revoked by an ordinary resolution of our Shareholders in a general meeting;

whichever is the earliest.

SHAREHOLDER MEETING AND VOTING RIGHTS

An annual general meeting of the Company will be held once each year. Except for certain circumstances, annual general meetings and extraordinary general meetings at which the passing of a special resolution is to be considered will be called by at least 21 days’ notice, and any other extraordinary general meeting will be called by at least 14 days’ notice. A quorum for a general meeting consists of at least two Shareholders present in person (or if the Shareholder is a corporation, by its duly authorized representative) or by proxy and entitled to vote.

The Company's Articles provide that, until March 24, 2007, all Shareholder resolutions of the Company must be adopted by a 75% majority of the Shareholders present and voting at the relevant general meeting. All Shareholder resolutions passed at a general meeting until March 24, 2007 will not be treated as special resolutions for notice or filing purposes, unless so required by the Articles or the Companies Law. After March 24, 2007, most matters to be approved by the Shareholders will require the affirmative vote of a simple majority of the votes cast by Shareholders, being entitled to do so, in person (or if the Shareholder is a corporation, by its duly authorized representative) or by proxy at a general meeting. A special resolution, which is a resolution passed by at least three-fourths of the votes cast by Shareholders, being entitled so to do, in person (or if the Shareholder is a corporation, by its duly authorized representative) or by proxy at a general meeting, will be required for, among others, the following matters:

- changing the Company's Articles or Memorandum;
- changing the name of the Company;
- changing rights attached to the Shares;
- removing a Director before the expiration of his period of office; and
- reducing the Company's share capital or any capital redemption reserve or other undistributable reserve.

At any general meeting, each Shareholder who is present or represented is entitled to one vote on a show of hands, and each Shareholder is entitled to one vote for each fully paid Share on a poll. On a poll, a Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- the chairman of the meeting;
- at least three Shareholders present in person (or if the Shareholder is a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting;
- any Shareholder or Shareholders present in person (or if the Shareholder is a corporation, by its duly authorized representative) or by proxy, representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- a Shareholder or Shareholders present in person (or if the Shareholder is a corporation, by its duly authorized representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

DIVIDENDS

The holders of fully paid Shares are entitled to receive on a pro rata basis such dividends as may be declared by the Company's Board or Shareholders in a general meeting.

Dividends may be declared in any currency, and may be paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution of Shareholders, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. However, no dividends may be paid to Shareholders out of the share premium account if immediately following the dividend payment the Company will be unable to pay its debts as they fall due in the ordinary course of business.

INSPECTION OF BOOKS AND RECORDS

Shareholders will have no general right under Cayman Islands law to inspect or obtain copies of our list of Shareholders. However, we will provide our Shareholders with annual audited financial statements.

TRANSFER OF SHARES

Our Memorandum and Articles of Association do not restrict the general transferability of our fully paid Shares.

All transfers of Shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Stock Exchange or in such other form as the Board may approve. The transferor will be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof.

Unless the Board otherwise agrees, no Shares on the principal register shall be transferred to any branch register nor may Shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of Shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share (not being a fully paid up Share) to a person of whom it does not approve or any Share issued under any Share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any Share to more than four joint holders or any transfer of any Share (not being a fully paid up share) on which the Company has a lien.

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of the Stock Exchange, at such times and for such periods as the Board may determine and either generally or in respect of the Shares. The register of Shareholders will not be closed for periods exceeding in aggregate 30 days in any year.

WINDING UP

The Company may be wound up by either an order of the court or by a special resolution of the Shareholders. In the case of a voluntary winding up, the Company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up.

Upon the appointment of a liquidator, the responsibility for the Company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the Company, settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of Shareholders and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the Shares.

If the Company is wound up (whether the liquidation is voluntary or by the court), the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders.