

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.

The Hongkong and Shanghai Banking Corporation Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Placing is expected to be fully underwritten by the International Purchasers. **If, for any reason, the Offer Price is not agreed among us and the Global Coordinator (on behalf of the Underwriters) the Offering will not proceed.**

The Offering comprises the Hong Kong Public Offering of initially 42,016,000 Hong Kong Offer Shares and the International Placing of initially 378,144,500 International Placing Shares, subject, in each case, to reallocation on the basis as described in the section entitled “Structure of the Offering” as well as to the Over-allotment Option in the case of the International Placing.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

The Hong Kong Offer Shares are offered by us solely on the basis of the information contained and representations made in this Prospectus and the related Application Forms, and on the terms and subject to the conditions set out herein and therein. We have not authorized anyone to provide any information or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Global Coordinator, the Underwriters, any of our or their respective directors, or any other person involved in the Offering.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, 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 an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

This Prospectus has not been registered under the US Securities Act, and, accordingly, may not be delivered within the United States or to, or for the benefit of, nationals or residents thereof, or any corporation or other entity formed or organized therein (collectively, “US persons”). The Offer Shares have not been registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the US Securities Act.

The International Purchasers propose to place Offer Shares outside of the United States in offshore transactions in reliance on Regulation S under the US Securities Act and in accordance with applicable law. Certain of the International Purchasers propose to place Offer Shares, through their respective US selling agents, only to QIBs in the United States in

reliance on Rule 144A or another exemption under the US Securities Act. Any offer or sale of Offer Shares in reliance on Rule 144A or another exemption under the US Securities Act will be made by broker-dealers who are registered as such under the US Exchange Act of 1934, as amended.

Until the expiration of 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer whether or not participating in the Offering may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act or pursuant to another exemption from registration under the US Securities Act.

This Prospectus has not been approved by an authorized person in the United Kingdom and has not been registered with the Registrar of Companies in the United Kingdom. The Offer Shares may not be offered or sold and, prior to the expiry of a period of six months from the latest date of the issue of the Offer Shares, the Offer Shares may not be offered or sold to any persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) and where applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to any Offer Shares in, from or otherwise involving the United Kingdom have been complied with. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by such person in connection with the issue or sale of any Offer Shares except in circumstances in which section 21(1) of the FSMA does not apply to the Company.

This Prospectus has not been registered as a prospectus in accordance with the Companies Act of 1973 (as amended) of the Republic of South Africa. The Offer Shares may not be offered or sold in the Republic of South Africa except to (i) banks (duly registered as such in the Republic of South Africa), mutual banks (duly registered as such in the Republic of South Africa) or insurers (duly registered as such in the Republic of South Africa) as principals, or to wholly-owned subsidiaries of such duly registered banks, mutual banks or insurers acting as agents in the capacity of authorized portfolio managers for a duly registered pension fund or unit trust scheme managed by the said wholly-owned subsidiary which is duly registered as a management company in terms of applicable South African legislation, and/or (ii) purchasers where the total acquisition cost of the shares for a single purchaser acting as principal is at least R 100,000. It is the responsibility of a prospective purchaser who is resident in the Republic of South Africa to ensure that it has the necessary approvals to acquire any Offer Shares under the Exchange Control Regulations, 1961 (as amended) promulgated under the Currency and Exchange Act, 1933 (as amended).

The Offer Shares have not been and will not be, registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, the Offer Shares may not, directly or indirectly, be offered or sold, in Japan or to, or for the benefit of, any

resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other applicable laws and regulations of Japan. As used in this paragraph, a “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

This Prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. The Offer Shares may not be the subject of an invitation for subscription or purchase and this Prospectus and any document or other material relating to the Offer Shares may not be circulated or distributed, either directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other provision of the SFA.

This Prospectus does not constitute a public offer of the Offer Shares, whether by way of sale or subscription, in the PRC. The Offer 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.

No offer of the Offer Shares will be made to the public in the Cayman Islands.

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

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

We are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong, at the Offer Price, on and subject to the terms and conditions of this Prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and the Shares being offered pursuant to the Offering and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Global Coordinator (on behalf of the Hong Kong Underwriters and the Company agreeing the Offer Price), the Hong Kong Underwriters have agreed, severally and not jointly, to subscribe or procure subscribers for the Hong Kong Offer Shares being offered in the Hong Kong Public Offering, on and subject to the terms and conditions of this Prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Purchase Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination by the Hong Kong Underwriters

The Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) may in its absolute discretion terminate the Hong Kong Underwriting Agreement, by written notice to the Company, if at any time at or prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, the United States, the European Union or any other relevant jurisdiction; or
 - (ii) any new law or regulation or any change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, or any other relevant jurisdiction; or
 - (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption or delay in transportation) in or affecting Hong Kong, the PRC, the United States, the European Union or any other relevant jurisdiction; or
 - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting Hong Kong, the PRC, the United States, the European Union or any other relevant jurisdiction; or
 - (v) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or the London Stock Exchange or (B) a general moratorium on commercial banking activities in New York, London, Hong Kong or the PRC declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, the United States, the European Union or any other relevant jurisdiction; or
 - (vi) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in the PRC, Hong Kong, the European Union, the United States or any other relevant jurisdiction adversely affecting any other relevant jurisdiction adversely affecting an investment in the Shares; or
 - (vii) any material litigation or claim being threatened or instigated against any member of the Group (and for this purpose, a vexatious or frivolous claim, or a claim which has no reasonable basis shall not be material),

and which, in any such case and in the judgment of the Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters),

- (A) is or will be or may be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Group as a whole; or
 - (B) has or will have or may have a material adverse effect on the success of the Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Offering to be performed or implemented as envisaged; or
 - (C) makes or will or may make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this Prospectus; or
- (b) there has come to the notice of the Global Coordinator or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
- (i) that any statement contained in this Prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incorrect or misleading in any material respect; or
 - (ii) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this Prospectus, not having been disclosed in this Prospectus, constitutes a material omission therefrom; or
 - (iii) any of the warranties given by the Company in the Hong Kong Underwriting Agreement is (or would when repeated be) untrue or misleading in any material respect; or
 - (iv) any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by it under the Hong Kong Underwriting Agreement; or
 - (v) any material breach of any of the obligations of the Company under the Hong Kong Underwriting Agreement; or
 - (vi) any material adverse change or prospective adverse change in the business or in the financial or trading position of the Group as a whole.

Undertakings

The Hong Kong Underwriters expect each of the Founders and MIH to agree that, within a period beginning from the date of the International Purchase Agreement and continuing to and including the date 180 days after the Listing Date, without the prior written consent of the Global Coordinator (on behalf of itself, the Hong Kong Underwriters and the International Purchasers) at the absolute discretion of the Global Coordinator, it will not, and will procure that each of its subsidiaries, affiliates or persons controlled by it will not, offer, sell, contract to sell, pledge, or otherwise dispose of, grant or agree to grant any option, warrants or other rights in or carrying the right to subscribe for, directly or indirectly, conditionally or unconditionally, except as provided under the Underwriting Agreements, or in the case of Advance Data Services Limited, stock borrowing arrangements with the Global

Coordinator, any securities of the Company that are substantially similar to the Shares of the Company, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, the Share or any such substantially similar securities.

In addition, MIH has undertaken to the Stock Exchange and to us that it will inform us if it (i) pledges or charges any securities beneficially owned by it (together with the number of any securities so pledged or charged) and (ii) receives any indications, either verbal or written, that any of the pledged or charged securities will be disposed of pursuant to such pledging or charging arrangements in the period commencing on the date of this Prospectus and ending on the date which is 12 months from the Listing Date. We will then immediately inform the Stock Exchange of such matters and also disclose such matters by way of a press notice which is published in the newspapers as soon as possible.

Indemnities

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Commission and Expenses

The Hong Kong Underwriters will receive a gross commission of 4.0% of the aggregate Offer Price of all the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions. In addition, we may, in our sole discretion, pay the Hong Kong Underwriters an additional per Share incentive fee of 0.5% of the Offer Price. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay the underwriting commission at the same rate in respect of such Shares to the International Purchasers.

The aggregate commissions and estimated expenses, including the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, the investor compensation levy, legal and other professional fees, including certain expenses of the Hong Kong Underwriters and the International Purchasers, printing, and other expenses relating to the Offering, are estimated to amount to approximately HK\$109 million (assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$3.70 per Offer Share, being the maximum Offer Price and without taking into account the incentive fee which is payable at the sole discretion of the Company) will be payable by us.

Hong Kong Underwriters' interest in us

Save for its obligations under the Hong Kong Underwriting Agreement and the Over-allotment Option, neither of the Hong Kong Underwriters has any shareholding interest in the Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

The International Placing

In connection with the International Placing, we expect to enter into the International Purchase Agreement with the International Purchasers on the Price Determination Date. Pursuant to the International Purchase Agreement, the International Purchasers would severally agree to subscribe or procure subscribers for the International Placing Shares initially being offered in the International Placing. See the section entitled “Structure of the Offering—The International Placing”.

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, 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 any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price which stabilization is effected is not permitted to exceed the offer price.

In connection with the Offering, the Global Coordinator, on behalf of the Underwriters, or any person acting for it, may over-allot or effect transactions with a view to supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Global Coordinator or any person acting for it to conduct any such stabilizing action. Such transactions, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. The Global Coordinator has been or will be appointed as stabilizing manager for the purposes of the Offering in accordance the Securities and Futures (Price Stabilizing) Rules made under the SFO and, should stabilizing transactions be effected in connection with the Offering, this will be at the absolute discretion of the Global Coordinator.

Following any over-allotment of Shares in connection with the Offering, the Global Coordinator or any person acting for it may cover such over-allotment by (among other methods) making purchases in the secondary market, exercising the Over-allotment Option in full or in part, or by any combination of purchases and exercise of the Over-allotment Option. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization, including the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allotted will not exceed the number of Shares which may be issued upon exercise of the Over-allotment Option, being 63,024,000 Shares, representing 15% of the Offer Shares initially available under the Offering. See the section headed “Structure of the Offering — The International Placing”.

In order to facilitate the settlement of over-allocation in connection with the International Placing, the Global Coordinator (or its affiliate(s)) may choose to borrow Shares from Advance Data Services Limited, a holding company wholly owned by Ma Huateng (the “Lender”) under stock borrowing arrangements pending exercise of the Over-allotment Option, or acquire Shares from other sources. Such stock borrowing arrangements may include arrangements agreed in principle between the Global Coordinator and the Lender.

Because the Company acknowledges the indirect benefits of the stock borrowing agreement to the Offering, in a Deed of Indemnity, dated June 4, 2004, the Company agreed to indemnify Advance Data Services Limited for losses that Advance Data Services Limited, to the extent that any arise, is unable to recover under the stock borrowing arrangement.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Global Coordinator may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Global Coordinator will maintain such a position;
- liquidation of any such long position by the Global Coordinator may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on July 10, 2004, being the 30th day after the date expected to be the latest date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of our Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.