

STRUCTURE OF THE SHARE OFFER

PRICE PAYABLE ON APPLICATION

Applicants will have to pay in full on application the Offer Price of HK\$1.18 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.005%, investor compensation levy of 0.002% and Stock Exchange trading fee of 0.005%. This means that for every 2,000 Offer Shares, the subscriber will pay HK\$2,383.88. Each of the application forms includes a table showing the exact amount payable for certain board lots or certain multiples of the Offer Shares.

CONDITIONS OF THE SHARE OFFER

Acceptance of your application for the Offer Shares is conditional upon:

(a) Listing

The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may fall to be issued upon the exercise of the options which may be granted under the Share Option Scheme on or before 28 July 2005; and

(b) Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement becoming unconditional, including, if relevant, as a result of the waiver of any conditions by the Lead Manager (for itself and on behalf of the Underwriters) on or before the dates and times specified in the Underwriting Agreement, and in any event not later than 28 July 2005 (being the date which is 30 days after the date of this prospectus), and not being terminated in accordance with its terms or otherwise, prior to 5:00 p.m. on the day immediately preceding the Listing Date.

In the event that the Share Offer does not become unconditional, the Share Offer will lapse and a press announcement will be made by our Company as soon as possible. Details of the Underwriting Agreement and its conditions and grounds for termination are set out in the section headed "Underwriting" in this prospectus.

If any of these conditions are not fulfilled, or where applicable, waived by the Lead Manager (for itself and on behalf of the Underwriters) on or before the dates and times specified in paragraphs (a) and (b) above, the Share Offer will lapse and your application money will be returned to you as soon as possible without interest. The terms on which your money will be returned to you are set out under the section headed "Refund of your money" on the application forms. In the meantime, your money will be held in one or more separate bank accounts with the receiving banker or other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

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OFFER MECHANISM – BASIS OF ALLOCATION OF THE OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING

The Share Offer

The Share Offer comprises the Public Offer and the Placing. The total number of Offer Shares under the Public Offer and the Placing is 76,250,000 Shares. 7,625,000 new Shares, representing 10% of the total number of Shares available under the Share Offer, will initially be offered for subscription under the Public Offer; and 68,625,000 new Shares, representing 90% of the total number of Shares available under the Share Offer, will be offered for subscription under the Placing.

Investors may apply for the Shares under the Public Offer or indicate an interest for the Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The Placing will involve selective marketing of Shares to professional and institutional investors and other private investors. Professional and institutional investors and other private investors generally include brokers, dealers, high net worth individuals, 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.

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is fully underwritten by the Placing Underwriters, in each case, on a several basis, and each being subject to the terms and conditions set out in the section headed "Underwriting" in this prospectus.

The level of indication of interests in the Placing and the basis of allotment and the results of applications under the Public Offer are expected to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on 8 July 2005.

The net proceeds from the Share Offer, after deducting commissions and expenses, are estimated to be about HK\$75.1 million.

References in this prospectus as to applications, application forms, application money or to the procedure for application relate solely to the Public Offer.

The Placing

We are initially offering 68,625,000 Placing Shares, representing in aggregate 90% of the total number of Shares being offered in the Share Offer. The Placing is fully underwritten by the Placing Underwriters, subject to the other terms and conditions of the Underwriting Agreement.

The Placing Underwriters are soliciting from prospective professional, institutional and private investor's indications of interest in acquiring Placing Shares in the Placing. Professional investors generally include brokers, dealers, high net worth individuals, companies (including fund managers) whose ordinary business involves dealing in shares

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and other securities and entities which regularly invest in shares and other securities. Prospective investors will be required to specify the number of Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process is known as “book building”.

Allocation of the Placing Shares pursuant to the Placing is based on a number of factors, including the level 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. Such allocation is generally intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a broad shareholder base to the benefit of our Company and our Shareholders as a whole.

If the Placing is not fully subscribed, the Lead Manager may reallocate all or any unsubscribed Shares originally included in the Placing to the Public Offer.

The Placing Underwriters or selling agents nominated by the Placing Underwriters shall, on behalf of our Company, conditionally place the Placing Shares with professional, institutional and other private investors in Hong Kong.

The Placing is conditional on the same conditions as set out in the section headed “Conditions of the Share Offer” above. The total number of Placing Shares to be allotted and issued pursuant to the Placing may change as a result of the clawback arrangement referred to in the section headed “The Public Offer” below and any reallocation of unsubscribed Shares originally included in the Public Offer.

The Public Offer

We are initially offering 7,625,000 Public Offer Shares, representing 10% of the total number of Shares being offered in the Share Offer, for subscription by way of a public offer in Hong Kong. The Public Offer Shares are being offered at the Offer Price. The Public Offer is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions as set out in the Underwriting Agreement.

Multiple or suspected multiple applications and any application on a **WHITE** or **YELLOW** application form for more than 100% of the Public Offer Shares initially available to the public subscription under the Public Offer (i.e. 7,625,000 Shares) are liable to be rejected. Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Shares validly applied for by applicants but, subject to that, will otherwise be made strictly on a pro-rata basis. When there is over-subscription under the Public Offer, the basis of allocation may involve balloting, which may result in that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

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The allocation of the Offer Shares between the Placing and the Public Offer is subject to adjustments. If the number of Public Offer Shares validly applied for under the Public Offer: (a) represents 15 times or more but less than 50 times of the number of Public Offer Shares initially available for subscription under the Public Offer, then 15,250,000 Placing Shares will be reallocated to the Public Offer from the Placing, so that the total number of Public Offer Shares available for subscription under the Public Offer will increase to 22,875,000 Shares, representing 30% of the Shares available under the Share Offer; (b) represents 50 times or more but less than 100 times of the number of Public Offer Shares initially available for subscription under the Public Offer, then 22,875,000 Placing Shares will be reallocated to the Public Offer from the Placing, so that the total number of Public Offer Shares available for subscription under the Public Offer will be 30,500,000 Shares, representing 40% of the Shares available for subscription under the Share Offer; and (c) represents 100 times or more of the number of Public Offer Shares initially available for subscription under the Public Offer, then 30,500,000 Placing Shares will be reallocated to the Public Offer from the Placing, so that the total number of Public Offer Shares available for subscription under the Public Offer will increase to 38,125,000 Shares, representing 50% of the Shares available for subscription under the Share Offer. In each such case, the number of Shares allocated to the Placing will be correspondingly reduced. In addition, if the Public Offer is not fully subscribed, the Lead Manager in its discretion may reallocate all or any unsubscribed Shares originally included in the Public Offer to the Placing in such proportion and manner as it deems appropriate to satisfy the demand under the Placing.