
STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE STRUCTURE OF THE SHARE OFFER

The Share Offer consists of:–

- the Public Offer; and
- the Placing.

An aggregate of 16,800,000 Offer Shares have been allocated to the Public Offer, subject to reallocation as mentioned below and as stipulated under the Listing Rules. An aggregate of 151,200,000 Offer Shares will initially be offered under the Placing subject to the reallocation as mentioned below and the exercise of the Over-allotment Option.

Investors are free to select whether to apply for Shares under the Public Offer or the Placing, but may only receive Shares under the Public Offer OR the Placing but not in more than one tranche. The Directors and the Joint Book-runners will take all reasonable steps to identify any multiple applications under the Public Offer and the Placing which are not allowed and are bound to be rejected.

PRICE PAYABLE UPON APPLICATION FOR THE PUBLIC OFFER SHARES

The Offer Price will not be more than HK\$0.88 per Share and is expected to be not less than HK\$0.56 per Share. Applicants under the Public Offer should pay, on application, the maximum price of HK\$0.88 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee, 0.005% transaction levy and 0.002% investor compensation levy imposed by the SFC amounting to a total of HK\$3,555.63 for every board lot of 4,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$0.88 per Share, being the maximum price, appropriate refund payments (including the brokerage, the SFC transaction levy, investor compensation levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applications, without interest. Further details are set out in the section headed “How to Apply for the Public Offer Shares” to this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined by the Price Determination Agreement between the Joint Book-runners (for themselves and on behalf of the Underwriters) and the Company on or before the Price Determination Time. The Price Determination Time is expected to be at or before 12:00 noon (Hong Kong time) on Monday, 28 November 2005 and, in any event, no later than 5:00 p.m. (Hong Kong time) on Monday, 28 November 2005. The Offer Price will fall within the Offer Price range set out in this prospectus unless otherwise announced, as explained below. Investors applying for Offer Shares must pay the maximum Offer Price of HK\$0.88 per Offer Share together with brokerage of 1%, Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and SFC investor compensation levy of 0.002% of the Offer Price. The Joint Book-runners (for themselves and on behalf of the Underwriters) may, with the consent of the Company, reduce the indicative Offer Price range below that as stated in this prospectus (which is HK\$0.56 per Offer Share to HK\$0.88 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notice of the reduction in the indicative Offer Price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications

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under the Public Offer. If applications for Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed between the Joint Book-runners (for themselves and on behalf of the Underwriters) and the Company by the Price Determination Time, the Share Offer will not proceed and lapse.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional on:–

- the Listing Committee of the Stock Exchange granting or agreeing to grant the in-principle approval for the listing of, and permission to deal in, on the Main Board, the Shares in issue, the Offer Shares, the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Capitalisation Issue and any Shares which fall to be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme;
- the Offer Price having been duly determined; and
- the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) and not being terminated in accordance with the terms of the respective agreements or otherwise,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 8:00 a.m. (Hong Kong time) on the Listing Date.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Share Offer will be caused to be published by the Company in the South China Morning Post in English and Hong Kong Economic Times in Chinese on the next day following such lapse. In such event, all application monies will be returned, **WITHOUT** interest. The terms on which the application monies will be returned are set forth under “Refund of your monies” on the application forms. In the meantime, all application monies received from the Public Offer will be held in a separate bank account or separate bank accounts with the receiving bank or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE PUBLIC OFFER

The Company is initially offering Public Offer Shares under the Public Offer, at the Offer Price, representing in aggregate 10% of the total number of the Offer Shares initially available under the Share Offer, for subscription by way of a public offer in Hong Kong, subject to the reallocation as mentioned below. The Public Offer is lead managed by the Joint Book-runners and is fully underwritten by the Public Offer Underwriters, subject to the Joint Book-runners and the Company agreeing on the Offer Price. Applicants for the Public Offer Shares are required to pay on application the Offer Price plus 1% of brokerage, 0.005% SFC transaction levy, a 0.002% investor compensation levy and 0.005% of Stock Exchange trading fee.

The Public Offer is open to all members of the public in Hong Kong. Persons allotted Shares under the Public Offer cannot apply for Shares under the Placing. The Public Offer will be subject to the conditions stated under “Conditions of the Share Offer” above.

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Allocation of the Public Offer Shares to applicants 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 the Public Offer Shares validly applied for by each applicant, but will otherwise be made on a strictly pro rata basis. However, this may involve balloting, which would result in some applicants being allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and applicants who are not successful in the ballot not receiving any Public Offer Shares.

If the Public Offer Shares are not fully subscribed, the Joint Book-runners will have the absolute discretion to reallocate all or any unsubscribed Public Offer Shares to the Placing in such number as they consider appropriate.

The total number of Public Offer Shares to be allotted and issued may change as a result of the reallocation as mentioned below and any reallocation of unsubscribed Public Offer Shares to the Placing.

Basis of allocation of the Public Offer Shares

For allocation purposes only, the number of the Public Offer Shares will be divided equally into two pools: pool A and pool B. The Public Offer Shares in pool A will consist of 8,400,000 Shares and will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of HK\$5,000,000 (excluding transaction levy and investor compensation levy imposed by the SFC, the Stock Exchange trading fee and brokerage payable thereon) or less. The Public Offer Shares available in pool B will consist of 8,400,000 Shares and will be allocated on an equitable basis to applicants who have applied for Public Offer Shares in the value of more than HK\$5,000,000 (excluding transaction levy and investor compensation levy imposed by the SFC, the Stock Exchange trading fee and brokerage) and up to the total initial value of pool B.

Investors should be aware that allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 100% of Public Offer Shares initially available under pool A or pool B will be rejected.

THE PLACING

A total of 151,200,000 Offer Shares will be initially offered under the Placing, representing 90% of the total number of Offer Shares available under the Share Offer. The Placing is lead managed by the Joint Book-runners and is fully underwritten by the Placing Underwriters, subject to the Joint Book-runners and the Company agreeing on the Offer Price. Investors subscribing for the Placing Shares are also required to pay a 1% brokerage, a 0.005% Stock Exchange trading fee and a 0.005% SFC transaction levy and a 0.002% investor compensation levy.

It is expected that the Placing Underwriters or selling agents nominated by them on behalf of the Company will conditionally place the Placing Shares at the Offer Price with investors in Hong Kong. The Placing is aimed at professional, institutional and selected private investors who generally include brokers, dealers, 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. Individual investors applying through banks or other institutions who seek Placing Shares in the Placing may also be allocated the Placing Shares.

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Allocation of the Placing Shares pursuant to the Placing is 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 acquire further and/or hold and/or sell its Placing Shares after the listing of the Shares on the Stock Exchange. 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 solid shareholder base to the benefit of the Company and its Shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for any Public Offer Shares under the Public Offer.

If the Placing is not fully subscribed, the Joint Book-runners will have the absolute discretion to reallocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer in such number as it deems appropriate.

REALLOCATION BETWEEN THE PLACING AND THE PUBLIC OFFER

If the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available under the Public Offer, then the number of Shares available under the Public Offer will increase to 50,400,000 Shares, representing 30% of the total number of Offer Shares initially available under the Share Offer.

If the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will increase to 67,200,000 Shares, representing 40% of total number of Offer Shares initially available under the Share Offer.

If the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will increase to 84,000,000 Shares, representing 50% of the total number of Offer Shares initially available under the Share Offer.

In each such case, the additional Shares reallocated to the Public Offer will be allocated equally between pool A and pool B and the number of Shares allocated to the Placing will be correspondingly reduced.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, the Company has granted to the Underwriters a conditional Over-allotment Option, exercisable by Oriental Patron (for itself and on behalf of the Underwriters) which will expire on a date which is 30 days from the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, the Company may be required by Oriental Patron (for itself and on behalf of the Underwriters) to allot and issue up to and not more than 25,200,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Share Offer) at the Offer Price to cover over-allocations in the Placing. Oriental Patron (for itself and on behalf of the Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements with Belbroughton or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 25,200,000 Shares will represent approximately 3.79% of the Company's

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enlarged issued share capital immediately after completion of the Share Offer, the Capitalisation Issue and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

The Over-allotment Option is granted on the condition that the size of the Share Offer upon the determination of the Offer Price is not less than HK\$100 million. If the condition for the Over-allotment Option is not fulfilled, the Over-allotment Option will automatically lapse. The Company will disclose in its allotment results announcement whether the Over-allotment Option becomes unconditional.

STABILISATION

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 market price of the securities below the Offer Price. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

Subject to the fulfillment of the condition as set out in the paragraph headed “Over-allotment Option” in this section, in connection with the Share Offer, Oriental Patron (for itself and on behalf of the Underwriters) may over-allocate up to 25,200,000 Shares and/or effect transactions to stabilise or maintain the market price of the Shares at levels other than those which might otherwise prevail in the open market, in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571, the Laws of Hong Kong). The stabilisation price will not be higher than the Offer Price. 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.

Subject to and under the Securities and Futures (Price Stabilising) Rules of the SFO and the fulfillment of the condition as set out in the paragraph headed “Over-allotment Option” in this section, Oriental Patron (for itself and on behalf of the Underwriters) may take all or any of the following actions (“primary stabilising action”) in respect of any Shares during the stabilising period:

- (1) purchase, or agree to purchase, any of the Shares;
- (2) offer or attempt to do anything as described in paragraph (1),

for the sole purpose of preventing or minimising any reduction in the market price of the Shares. Oriental Patron (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:

- (a) for the purpose of preventing or minimising any reduction in the market price of the Shares:
 - (i) allocate a greater number of Shares than the number that is initially offered under the Share Offer; or
 - (ii) sell or agree to sell Shares so as to establish a short position in them;
- (b) pursuant to an option or other right to purchase or subscribe for Shares, purchase or subscribe for or agree to purchase or subscribe for Shares in order to close out any position established under paragraph (a);

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- (c) sell or agree to sell any Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or
- (d) offer or attempt to do anything as described in paragraph (a)(ii), (b) or (c).

Investors should be aware:

- that Oriental Patron (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in the Shares;
- that there is no certainty regarding the extent to which and the time period for which Oriental Patron will maintain such a long position;
- of possible impact in the case of liquidation of such a long position by Oriental Patron;
- that stabilising action cannot be taken to support the price of the Shares for longer than the stabilising period which begins on the commencement of trading of the Shares on the Main Board and ends on the earlier of the 30th day after the last day for the lodging of applications under the Public Offer or the commencement of trading of the Shares on the Stock Exchange, that the stabilising period is expected to expire on 25 December 2005, and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price, could fall;
- that the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the Shares.

Oriental Patron (for itself and on behalf of the Underwriters) will not effect any of the stabilisation actions mentioned in this paragraph if the size of the Share Offer upon the determination of the Offer Price is less than HK\$100 million.

STOCK BORROWING ARRANGEMENT

Subject to the fulfillment of the condition set out in the paragraph headed “Over-allotment Option” in this section, in connection with the Share Offer, Oriental Patron may over-allocate up to and not more than an aggregate of 25,200,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of covering such over-allocations, Oriental Patron may borrow up to 25,200,000 Shares from Belbroughton, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under

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the Stock Borrowing Agreement. **Following the application by the Joint Sponsors (on behalf of the Company and Belbroughton), the Stock Exchange has granted a waiver to the Company and Belbroughton from strict compliance with Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by the Controlling Shareholders following a new listing, in order to allow Belbroughton to enter into and perform its obligations under the Stock Borrowing Agreement on the following conditions:**

- the Stock Borrowing Agreement will only be effected by Oriental Patron for settlement of over-allocation in connection with the Placing;
- the maximum number of Shares to be borrowed from Belbroughton by Oriental Patron will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option which is up to 25,200,000 Shares;
- the same number of Shares so borrowed must be returned to Belbroughton or its nominee(s), as the case may be, on or before the third business day following the earlier of (i) the last day on which the Shares may be issued by the Company pursuant to the Over-allotment Option or (ii) the day on which the Over-allotment Option is exercised in full;
- the Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements; and
- no payment or other benefit will be made to Belbroughton by Oriental Patron under the stock borrowing arrangement.

DEALING IN THE SHARES ON THE MAIN BOARD

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. (Hong Kong time) on 2 December 2005, it is expected that dealings in the Shares on the Main Board will commence at 9:30 a.m. (Hong Kong time) on 2 December 2005.