

# STRUCTURE OF THE GLOBAL OFFERING

## PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$5.47 and is expected to be not less than HK\$4.47. Applicants under the Public Offer must pay, on application, the maximum price of HK\$5.47 per Public Offer Share plus 1% brokerage, a SFC transaction levy of 0.004%, and a Stock Exchange trading fee of 0.005% amounting to a total of approximately HK\$5,525.19 per board lot of 1,000 Shares.

## DETERMINING THE OFFER PRICE

The Placing Underwriters are soliciting from prospective investors' indications of interest in acquiring the Placing Shares. 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, known as "book-building", is expected to continue up to, and to cease on or around 24th March 2007.

The Offer Price is expected to be determined by Cazenove (on behalf of the Underwriters), the Selling Shareholders and us on or before 8:00 a.m. on 24th March 2007, or such later date as may be agreed by Cazenove (on behalf of the Underwriters) and us, but in any event not later than 5:00 p.m. on 26th March 2007. **If Cazenove (on behalf of the Underwriters) and our Company are unable to reach agreement on the Offer Price by 5:00 p.m. on 26th March 2007, the Global Offering will not proceed.**

If, based on the level of interest expressed by prospective investors under the book-building, Cazenove (on behalf of the Underwriters, and with the consent of, the Selling Shareholders and our Company) thinks it appropriate, the indicative offer price range may be reduced below that stated in this prospectus at any time prior to 8:00 a.m. on 22nd March 2007. In such a case we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the latest day for lodging applications under the Public Offer, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction of the offer price range. **Prospective investors should be aware that the final Offer Price may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.**

**Applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range may not be made until the day which is the last day for lodging applications under the Public Offer (which is expected to be 22nd March 2007) before submitting applications for Shares prior to that date.** Such notice will also include confirmation or revision, as appropriate, of the working capital at present, the offer statistics as currently set out in the section headed "Summary" of this prospectus and any other financial information which may change as a result of any such reduction. **Applicants under the Public Offer should note that, even if the offer price range is so reduced, in no circumstances can applications be withdrawn once submitted, except where a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section before the fifth day after the time of the opening of the application lists (which the opening of**

## STRUCTURE OF THE GLOBAL OFFERING

the application lists is expected to be on 22nd March 2007) (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which limits the responsibility of that person for this prospectus, in which case applications made may be revoked before the said fifth day.

The net proceeds from the Global Offering accruing to us are estimated to be approximately HK\$1,346.1 million. The estimated net proceeds are calculated assuming an Offer Price of HK\$4.97 per Share (being the mid-point of the stated offer price range of HK\$4.47 to HK\$5.47 per Share) and after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

The net proceeds from the Global Offering accruing to the Selling Shareholders (after deduction of underwriting fees and estimated expenses payable by the Selling Shareholders in relation to the Global Offering, assuming an Offer Price of HK\$4.97, being the mid-point of the proposed Offer Price range of HK\$4.47 to HK\$5.47), are estimated to be approximately HK\$43.4 million.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional upon:

**(a) Listing**

The Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and

**(b) Underwriting Agreement**

The obligations of the Underwriters under each of the Underwriter Agreements becoming unconditional in all respects. This requires, amongst other conditions, that neither of the Underwriting Agreements is being terminated, in accordance with its terms or otherwise,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event, not later than 29th April 2007.

## STRUCTURE OF THE GLOBAL OFFERING

**If Cazenove (on behalf of the Underwriters), the Selling Shareholders and our Company are unable to reach an agreement on the Offer Price, the Global Offering will not proceed.**

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be caused to be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed “Conditions of your application — Refund of your money” on the notes attached to the Application Forms.

In the meantime, your money will be held in one or more separate bank accounts with the receiving bank or other licensed bank or banks in Hong Kong.

### THE GLOBAL OFFERING

The Global Offering comprises the International Placing and the Public Offer. The 300,000,000 Offer Shares initially being offered in the Global Offering will represent 30% of our Company’s enlarged share capital immediately after the completion of the Capitalisation Issue and the Global Offering, without taking into account the exercise of the Over-allotment Option. Out of a total of 300,000,000 Shares comprised in the Global Offering (assuming the Over-allotment is not exercised), we are offering 290,722,000 Shares and the Selling Shareholders are offering 9,278,000 Shares. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 33.01% of the enlarged share capital of our Company immediately after the completion of the Capitalisation Issue and the Global Offering, and the exercise of the Over-allotment Option. Further information about the Over-allotment Option is set out in the paragraph headed “Over-allotment Option” below.

Cazenove is the sponsor to and the global co-ordinator and sole bookrunner of the Global Offering. The International Placing is expected to be fully underwritten by the Placing Underwriters and the Public Offer is fully underwritten by the Public Offer Underwriters, subject to agreement as to the pricing and the other terms and conditions of the Underwriting Agreements. 270,000,000 Offer Shares, will be conditionally placed with professional, institutional and private investors which are expected to have sizeable demand for the Offer Shares at the Offer Price under the International Placing and the remaining 30,000,000 Offer Shares will be offered to the public in Hong Kong for subscription at the Offer Price under the Public Offer (subject to reallocation on the basis described below in the paragraph headed “Public Offer”). **Investors may apply for Public Offer Shares under the Public Offer or indicate an interest for the Placing Shares under the International 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 located in Hong Kong. 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. The Public Offer is not open to persons outside of Hong Kong and no solicitation to purchase, nor acceptance of order from, any person outside of Hong Kong shall be permitted.

# STRUCTURE OF THE GLOBAL OFFERING

## **PUBLIC OFFER**

Pursuant to the Public Offer, we are initially offering 30,000,000 Offer Shares, representing approximately 10% of the total number of Offer Shares initially being offered in the Global Offering (assuming the Over-allotment Option is not exercised), for subscription by way of a public offer in Hong Kong at the Offer Price. Applicants under the Public Offer are required to pay, on application, the maximum offer price of HK\$5.47 per Share in addition to any brokerage, SFC transaction levy, and Stock Exchange trading fee payable on each Share. Further information is set out below in the section headed “How to Apply for Public Offer Shares” in this prospectus.

The Public Offer Shares (taking account of any adjustment of Offer Shares between the International Placing and the Public Offer referred to above) will be divided equally into two pools for allocation purposes: pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Public Offer Shares with a total subscription and purchase amount (excluding amounts of brokerage, SFC transaction levy, and Stock Exchange trading fee) of HK\$5 million or less. The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for Public Offer Shares with a total subscription and purchase amount (excluding amounts of brokerage, SFC transaction levy, and Stock Exchange trading fee) of more than HK\$5 million and up to the total value of pool B. You should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. You can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in Pool A or Pool B. In addition, multiple applications within either pool or between pools will be rejected. No applications will be accepted from applicants applying for more than the total number of Public Offer Shares originally allocated to each pool. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not indicated and will not indicate an interest for and have not received or been placed or allotted (including conditional and/or provisionally) any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be). Our Company and Cazenove have full discretion to reject or accept any application, or to accept only part of any application.

## **OVER-SUBSCRIPTION OF THE PUBLIC OFFER**

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of 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 mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares and that applicants who are not successful in the ballot may not receive any Public Offer Shares.

# STRUCTURE OF THE GLOBAL OFFERING

## INTERNATIONAL PLACING

Pursuant to the International Placing, we are initially offering 270,000,000 Shares (comprising 260,722,000 Shares and 9,278,000 Shares to be offered by us and the Selling Shareholders respectively), representing approximately 90% of the total number of Shares initially being offered under the Global Offering (assuming the Over-allotment Option is not exercised), for subscription by way of International Placing. If the Public Offer is not fully subscribed, Cazenove (on behalf of the Underwriters) has the authority to reallocate the unsubscribed Public Offer Shares to the International Placing as described in the paragraph headed “Public Offer” above.

It is expected that the Placing Underwriters or selling agents nominated by them on our behalf will conditionally place the Placing Shares at the Offer Price with professional, institutional and other investors expected to have sizeable demand for the Offer Shares. Such professional and institutional investors 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. The Placing Shares are unlikely to be allocated to individual retail investors, who are expected to subscribe for Shares in the Public Offer and apply through banks and other institutions.

The International Placing is subject to the same conditions as stated in the paragraph headed “Conditions of the Global Offering” above. The total number of Placing Shares to be allotted and issued or transferred pursuant to the International Placing may change as a result of the clawback arrangement referred to in the paragraph headed “Public Offer” above, exercise of the Over-allotment Option and any reallocation of unsubscribed Shares originally included in the Public Offer.

**The Placing Shares offered by this prospectus have not been and will not be registered under the US Securities Act and are being offered and sold outside of the United States in reliance on Regulation S under the US Securities Act, and in the United States only to QIBs in reliance on Rule 144A or another exemption under the US Securities Act.**

Allocation of Placing Shares to investors pursuant to the International Placing will be effected in accordance with the “book-building” process undertaken by the Placing Underwriters. Final allocation of the Placing Shares pursuant to the International 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 buy further and/or hold 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 Offer Shares on a basis which would lead to the establishment of a broad shareholder base to the benefit of the Company and its shareholders as a whole.

If you are a professional and institutional investor, you may apply for Offer Shares under the Public Offer or receive Offer Shares under the International Placing. However, you will only receive Offer Shares under either the Public Offer or the International Placing, but not both tranches.

## STRUCTURE OF THE GLOBAL OFFERING

### REALLOCATION OF THE OFFER SHARES BETWEEN THE PUBLIC OFFERING AND THE INTERNATIONAL PLACING

The allocation of Offer Shares between the Public Offer and the International Placing is subject to adjustment on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Shares initially available under the Public Offer, then our Shares will be reallocated to the Public Offer from the International Placing, so that an aggregate of 90,000,000 Shares will be available under the Public Offer, representing approximately 30.0% of the Shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised);
- (b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Shares initially available under the Public Offer, then our Shares will be reallocated to the Public Offer from the International Placing, so that an aggregate of 120,000,000 Shares will be available under the Public Offer, representing approximately 40.0% of the Shares to be offered pursuant to the Global Offering (assuming Over-allocation Option is not exercised); and
- (c) if the number of Shares validly applied for under the Public Offer represents 100 times or more of the number of Shares initially available under the Public Offer, then our Shares will be reallocated to the Public Offer from the International Placing, so that an aggregate of 150,000,000 Shares will be available under the Public Offer, representing approximately 50.0% of the shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised).

Any Placing Shares reallocated as described above will not include any Sale Shares. If the Public Offer Shares are not fully subscribed for or purchased, Cazenove (on behalf of the Underwriters) has the authority to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the International Placing in such proportions as it deems appropriate. In addition, the Global Coordinator may allocate Offer Shares from the International Placing to the Public Offer to satisfy valid applications under the Public Offer.

### OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected we will grant to Cazenove, on behalf of the Placing Underwriters, the Over-allotment Option which is exercisable at any time within 30 days from the date of this prospectus. Pursuant to the Over-allotment Option, we may be required by Cazenove (on behalf of the Placing Underwriters) to issue up to and not more than an aggregate of 45,000,000 additional Shares (representing 15% of the total number of the 300,000,000 Shares initially available under Global Offering) at the same price per share under the International Placing to cover over-allocations in the International Placing, if any. Cazenove may also cover such over-allocations by, among

## STRUCTURE OF THE GLOBAL OFFERING

other means, purchasing Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of the Over-allotment Option or by a combination of these means or otherwise as may be permitted under applicable laws. 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 45,000,000 Shares will represent approximately 15% of the Shares initially available under the Global Offering.

### STABILISATION

In connection with the Global Offering, Cazenove may over-allot or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the commencement of trading in the Shares on the Stock Exchange. However, there is no obligation on Cazenove to do this. Such stabilising action, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

Such stabilising action may include the over-allocation by Cazenove of up to, but not more than, an aggregate of 45,000,000 additional new Shares. Cazenove may cover such over-allocations by exercising the Over-allotment Option within 30 days after the date of this prospectus, by making purchases in the secondary market at prices that do not exceed the Offer Price or by stock borrowing or through a combination of these means. Any such stabilising action will be made in compliance with all applicable laws, rules and regulatory requirements in place in Hong Kong on stabilisation, including the Securities and Futures (Price stabilising Rules), as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be issued upon the exercise of the Over-allotment Option which is 15% of the 300,000,000 Offer Shares initially being offered for subscription under the Global Offering.

In particular, for the purpose of covering such over-allocations, Cazenove may borrow up to 45,000,000 Shares from Favor Choice equivalent to the maximum number of Shares to be offered on a full exercise of the Over-allotment Option, under a stock borrowing agreement entered into between Cazenove and Favor Choice. **As a result of an application on behalf of the Company and Favor Choice, the Stock Exchange has granted a waiver to the Company and Favor Choice 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 Favor Choice to enter into and perform its obligations under such stock borrowing agreement on the conditions that:**

- (a) such stock borrowing agreement with Favor Choice will only be effected by Cazenove for settlement of over-allocations in the International Placing;
- (b) the maximum number of Shares borrowed from Favor Choice will be limited to 45,000,000, the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

## STRUCTURE OF THE GLOBAL OFFERING

- (c) the same number of Shares so borrowed must be returned to Favor Choice on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; and (ii) the day on which the Over-allotment Option is exercised in full; and
- (d) the stock borrowing agreement entered into will be effected in accordance with all applicable laws and regulatory requirements. No payments will be made to Favor Choice by Cazenove in relation to such stock borrowing agreement.

Cazenove may, in connection with the stabilising action, maintain a long position in the Shares and there is no certainty as to the extent and time period for which Cazenove will maintain any such long position. Investors should be aware of the possible impact of the liquidation of any such long position by Cazenove.

Stabilising action cannot be used to support the price of the Shares for longer than the stabilising period, which begins on the commencement of trading in the Shares on the Stock Exchange and ends on the 30th day after the date on which the application lists close (which is expected to be 22nd March 2007). The stabilisation period is currently expected to expire on 21st April 2007. After that date, when no further stabilising action may be taken, demand for the Shares, and therefore their price, could fall.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriter 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 price of the securities. Should stabilising transactions be effected by Cazenove in connection with the distribution of the Shares, they will be done at the direction, and in the absolute discretion, of Cazenove.

Investors should be aware that the price cannot be assured to stay at or above the Offer Price by the taking of any stabilising action.

Stabilising bids may be made or transactions effected in the course of stabilising action at any price at or below the Offer Price. This means that stabilising bids may be made or transactions effected at a price below the price paid by investors for the Shares.