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## STRUCTURE OF THE SHARE OFFER

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### THE SHARE OFFER

The Share Offer comprises the Public Offer and the Placing. Assuming the Over-allotment Option is not exercised, the total number of Offer Shares under the Public Offer and the Placing is 112,750,000 Shares. 11,276,000 new Shares, representing 10% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription under the Public Offer. 101,474,000 new Shares, representing 90% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription or purchase under the Placing. Both the Placing and the Public Offer are subject to re-allocation on the basis described in the paragraph headed “Offer mechanism — basis of allocation of the Offer Shares” below.

Investors may apply for Shares under the Public Offer or indicate an interest for 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 investors expected to have a sizeable demand for the Shares. Professional and institutional investors and other 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.

Assuming the Over-allotment Option is not exercised, the Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after the completion of the Share Offer. If the Over-allotment Option is exercised in full, the Offer Shares comprised in the Share Offer will represent approximately 27.71% of the enlarged issued share capital of the Company immediately after the completion of the Share Offer and the exercise of the Over-allotment Option.

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

### OFFER PRICE AND PRICE PAYABLE ON APPLICATION

The Offer Price will be HK\$1.18 per Share. Based on the Offer Price of HK\$1.18 per Share, plus 1% brokerage fee, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee, one board lot of 2,000 Shares will amount to a total of HK\$2,383.81.

### CONDITIONS OF THE SHARE OFFER

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

(a) **Listing**

the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, any Shares which may fall to be issued upon the exercise of the Over-allotment Option and Shares which may be issued under the Post-IPO Share Option Scheme;

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### (b) **Placing Underwriting Agreement**

the execution and delivery of the Placing Underwriting Agreement on or around 8th December, 2008; and

### (c) **Underwriting Agreements becoming unconditional**

the obligations of the Underwriters under each of the Placing Underwriting Agreement and Public Offer Underwriting Agreement having become unconditional, including, if relevant, as a result of the waiver of any conditions by the Joint Lead Managers, acting for themselves and on behalf of the Underwriters, and not being terminated in accordance with its terms or otherwise,

in each case, on or before the dates and times specified in the respective 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 the date which is 30 days after the date of this prospectus.

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

If any of these conditions is not fulfilled, or where applicable, waived by the Joint Lead Managers, for and on behalf of the Underwriters, 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 paragraph headed “Refund of your money” on the Application Forms. In the meantime, the application 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.

## **THE PUBLIC OFFER**

### **Number of Shares Initially Offered**

The Company is initially offering 11,276,000 Public Offer Shares at the Offer Price, representing in aggregate 10% of the Offer Shares initially available under the Share Offer, for subscription by members of the public in Hong Kong. The Public Offer Shares will represent approximately 2.5% of the Company’s issued share capital immediately after the completion of the Share Offer, assuming that the Over-allotment Option is not exercised. The Public Offer is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions of the Public Offer Underwriting Agreement.

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. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the Application Form

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submitted by him that he has not taken up any Shares under the Placing nor otherwise participated in the Placing nor has he indicated (nor will he indicate) an interest under the Placing, and such applicant's application will be rejected if such undertaking and confirmation is breached and, or found to be untrue, as the case may be. The completion of the Public Offer will be subject to the conditions stated under the paragraph headed "Conditions of the Share Offer" above.

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. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applications 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.

The total number of Public Offer Shares to be allotted and issued pursuant to the Public Offer may change as a result of the clawback arrangement or any discretionary reallocation as described under the sub-paragraph headed "Over-subscription" below, or any reallocation of unsubscribed Public Offer Shares originally included in the Public Offer to the Placing or any reallocation of the unsubscribed Placing Shares to the Public Offer as described under the sub-paragraph headed "Under-subscription" below.

### THE PLACING

The Company is initially offering 101,474,000 new Shares representing in aggregate 90% of the total number of Offer Shares initially available under the Share Offer, for subscription by professional, institutional and individual investors by way of Placing. The Placing is expected to be fully underwritten by the Placing Underwriters, subject to the terms and conditions of the Placing Underwriting Agreement.

Pursuant to the Placing, it is expected that the Placing Underwriters or selling agents nominated by the Placing Underwriters on behalf of the Company shall place the Placing Shares at the Offer Price payable by the purchasers of the Placing Shares. Investors purchasing the Placing Shares are also required to pay 1.0% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy. Placing Shares will be placed with professional, institutional and individual investors in Hong Kong and certain other jurisdictions outside the United States. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealings in shares and other securities and entities which regularly invest in shares and other securities.

In Hong Kong, retail investors should apply for the Offer Shares under the Public Offer, as retail investors applying for Placing Shares (including applying through banks and other institutions) are unlikely to be allocated any Placing Shares. If you are a professional, institutional or individual investor and have applied for the Placing Shares, you are required to declare that you have applied for the Placing Shares only. In such event, you will not receive any Shares under the Public Offer.

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All decisions concerning the allocation of Placing Shares to prospective placees pursuant to the Placing will be made on the basis of and by reference to a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector 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. Such allocation is 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.

### OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES

#### The Share Offer

There will initially be a total of 11,276,000 Public Offer Shares available for subscription under the Public Offer under the **WHITE** and **YELLOW** Application Forms or by applying online through the White Form eIPO service or by giving electronic application instructions to HKSCC.

For allocation purposes only, the total number of Public Offer Shares initially available for public subscription under the Public Offer (taking into account any adjustment of Offer Shares between the Placing and the Public Offer referred to below) is to be divided equally into two pools: pool A comprising 5,638,000 Public Offer Shares and pool B comprising 5,638,000 Public Offer Shares. 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 amount (excluding SFC transaction levy, Stock Exchange trading fee and brokerage payable thereon) 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 amount (excluding SFC transaction levy, Stock Exchange trading fee and brokerage payable thereon) of more than HK\$5 million and up to the total value of pool B.

Applicants should be aware that applications within the same pool, and as well as between different pools, are likely to receive different allocation ratios. Where one of the pools is undersubscribed and the other pool is oversubscribed, the surplus Public Offer Shares from the undersubscribed pool will be transferred to the other pool to satisfy excess demand in the oversubscribed pool and be allocated accordingly. Applicants can only apply to receive an allocation of Public Offer Shares in either pool A or pool B but not from both pools. No applications will be accepted from investors applying for more than the total number of Public Offer Shares originally allocated to each pool. Multiple applications or suspected multiple applications within either pool or between pools will be rejected.

Applicants under the Public Offer will be required each to give an undertaking and confirmation in the Application Form submitted by them that they and any person(s) for whose benefit they are making the application will not receive any Placing Shares under the Placing, have not indicated and will not indicate an interest for any Placing Shares under the Placing, and their applications are liable to be rejected if the said undertaking and, or confirmation is breached and, or untrue, as the case may be. The Sole Bookrunner (as agent for the Company) in consultation with the Company and the Sponsor, have full discretion to reject or accept any application, or to accept only part of any application.

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Allocation of the Public Offer Shares, including any Offer Shares which may be reallocated from the Placing, under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, the basis of allocation may vary depending on the number of Public Offer Shares validly applied for by each applicant. The allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares in such circumstances than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the potential investors are likely to buy further Shares, or hold or sell their Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and its shareholders as a whole. Investors who have been allocated any of the Placing Shares under the Placing will not be allocated any Public Offer Shares under the Public Offer. Similarly, investors who have been allocated any Public Offer Shares under the Public Offer will not be allocated any Placing Shares under the Placing.

### **Over-subscription**

The allocation of the Offer Shares between the Public Offer and the Placing is subject to the clawback arrangement in the event of over-subscription under 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 for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available under the Public Offer will be 33,828,000 Shares (representing approximately 30% of the total number of the Offer Shares available under the Share Offer, assuming the Over-allotment Option is not exercised). 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 for subscription 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 be 45,100,000 Shares (representing approximately 40% of the total number of Offer Shares available under the Share Offer, assuming the Over-allotment Option is not exercised). If the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription 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 be 56,376,000 Shares (representing approximately 50% of the total number of the Offer Shares available under the Share Offer, assuming the Over-allotment Option is not exercised). In each such case, the additional Shares reallocated to the Public Offer will be correspondingly increased and allocated equally between Pool A and Pool B and the number of Shares allocated to the Placing will be correspondingly reduced.

In addition, Guotai Junan has the absolute discretion to reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

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### **Under-subscription**

If the Public Offer is not fully subscribed, Guotai Junan may in its absolute discretion reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing, in such number as it deems appropriate provided that there is sufficient demand under the Placing to take up such reallocated Shares.

If the Placing is not fully subscribed, Guotai Junan may in its absolute discretion, in addition to any reallocation of the Offer Shares from the Placing to the Public Offer under the clawback arrangement described under the Over-subscription section above, reallocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer, in such number as it deems appropriate provided that there is sufficient demand under the Public Offer to take up such reallocated Shares. Details of any reallocation of Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on Monday, 15th December, 2008 in English in the South China Morning Post and in Chinese in the Hong Kong Economic Times.

### **OVER-ALLOTMENT OPTION**

Under the Placing Underwriting Agreement, the Company is expected to grant to the Placing Underwriters the right but not the obligation to exercise the Over-allotment Option, exercisable by the Sole Bookrunner (on behalf of the Placing Underwriters) from time to time commencing on the Listing Date and ending on the 30th day after the last day for lodging of applications under the Public Offer. Under the Over-allotment Option, the Sole Bookrunner will have the right to require the Company to issue at the Offer Price up to 16,912,000 additional Shares, representing 15% of the Offer Shares initially available under the Share Offer, solely for the purpose of covering over-allocations in the Placing, if any. The Over-Allotment Option may be exercised in full or in part at any time during the period in which it is exercisable.

If the Over-allotment Option is exercised in full, the Offer Shares comprised in the Share Offer will represent approximately 27.71% of the enlarged issued share capital of the Company immediately after the completion of the Share Offer and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in English in the South China Morning Post and in Chinese in the Hong Kong Economic Times.

### **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 minimise and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions the price at which stabilisation is effected is not permitted to exceed the Offer Price.

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In connection with the Share Offer, Guotai Junan, as stabilising manager, or any person acting for it, may over-allot or effect any other 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 trading of the Shares commences on the Stock Exchange. Such stabilisation transactions may include exercising the Over-allotment Option, stock borrowing, making market purchases of Shares in the secondary market or selling Shares to liquidate a position held as a result of those purchases. Any such market purchases will be effected at prices not exceeding the Offer Price and in compliance with all applicable laws, rules and regulatory requirements of Hong Kong. However, there is no obligation on Guotai Junan or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of Guotai Junan and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares over-allocated will not be greater than the number of Shares which may be issued upon the full exercise of the Over-allotment Option, being 16,912,000 Shares, which is 15% of the Offer Shares initially available under the Share Offer.

As a result of effecting transactions to stabilise or maintain the market price of the Shares, Guotai Junan, or any person acting for them, may maintain a long position in the Shares. The size of the long position, and the period for which Guotai Junan, or any person acting for them, will maintain the long position is at the discretion of Guotai Junan and is uncertain. In the event that Guotai Junan liquidate this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilising action by Guotai Junan, or any person acting for it, is not permitted 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 Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Public Offer. The stabilising period is expected to end on Wednesday, 7th January, 2009. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore its market price, could fall.

Within seven days after the end of the stabilising period, Guotai Junan will ensure that a public announcement containing such information as required by the Securities and Futures (Price Stabilizing) Rules under the SFO be issued whether by or on behalf of the Company or by Guotai Junan.

Any stabilising action taken by Guotai Junan, or any person acting for them, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of the Shares by Guotai Junan, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by subscribers or purchasers.



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### STOCK BORROWING

In order to facilitate settlement of over-allocations in connection with the Placing, it is expected that Guotai Junan and HWGB will enter into the Stock Borrowing Agreement pursuant to which HWGB would, if requested by Guotai Junan, make available to Guotai Junan up to 16,912,000 Shares held by HWGB, by way of stock lending, in order to facilitate settlement of over-allocations in connection with the Placing.

The stock borrowing arrangements pursuant to the Stock Borrowing Agreement are expected to be on the following terms in compliance with the requirements set out in Rule 10.07(3) of the Listing Rules and shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules:

- such stock borrowing arrangements with Guotai Junan will only be effected by Guotai Junan for settlement of over-allocations in the Placing;
- the maximum number of Shares borrowed from HWGB will be limited to the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;
- the same number of Shares so borrowed from HWGB will be returned to it or its nominees (as the case may be) on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; or (ii) the day on which the Over-allotment Option is exercised in full;
- the arrangements under the Stock Borrowing Agreement will be effected in compliance with all the applicable laws, rules and regulatory requirements; and
- no payment will be made to HWGB by Guotai Junan under the Stock Borrowing Agreement.