

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Lead Manager, for itself and on behalf of the Underwriters, and the Company on or before the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about, 9 December 2006 and, in any event, not later than 12 December 2006.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$3.62 per Offer Share and is expected to be not less than HK\$2.86 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

The Lead Manager, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of the Company, reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, the Company 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 last day for lodging applications under the Public Offer, cause there to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction in the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with the Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. **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 range is so reduced such applications cannot be subsequently withdrawn by virtue only of the reduction of the Offer Price.** In the absence of any notice being published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon with the Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Lead Manager (for itself and on behalf of the Underwriters) and the Company are unable to reach the Price Determination Agreement by the Price Determination Date, the Share Offer will not become unconditional and will not proceed.

The Offer Shares will be allocated after the application lists of the Public Offer close. No Offer Shares will be allotted after 30 days from the date of this prospectus. Announcement of the Offer Price, together with the indication of the level of interests in the Placing and the results of applications under the Public Offer and basis of allocation of the Public Offer Shares with successful applicants' identification numbers, where appropriate, is expected to be published on Friday, 15 December 2006.

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PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$3.62 per Offer Share and is expected to be not less than HK\$2.86 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK\$3.62 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy, amounting to a total of HK\$3,656.52 per board lot of 1,000 Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK\$3.62 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed “How to apply for the Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of your application for the Offer Shares is conditional upon the satisfaction of all of the following conditions:

1. Listing

The Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer, the Capitalisation Issue and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, among other things, that the Offer Price be agreed by not later than the Price Determination Date and the Price Determination Agreement has been duly entered into, and if relevant, as a result of the waiver of any conditions given by the Lead Manager (for itself and on behalf of the Sponsor and the other Underwriters)), and not being terminated in accordance with its terms or otherwise. Details of the Underwriting Agreement and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

If for any reason, the Price Determination Agreement is not entered into by the Price Determination Date, the Share Offer will not proceed.

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If these conditions are not fulfilled on or before 3 January 2007 or such later date as the Lead Manager (for itself and on behalf of the Sponsor and the other Underwriters) may in its absolute discretion determine, the Share Offer will lapse and your application money will be returned to you, without interest, and by post at your own risk. The terms on which your application money will be returned to you are set out under the paragraph headed "Refund of your application money" in the relevant application forms.

In the meantime, your application monies will be held in one or more separate bank accounts with the receiving banker or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of 100,000,000 Shares will initially be made available under the Share Offer, of which 90,000,000 Shares, representing 90% of the total number of Shares initially being offered under the Share Offer, will conditionally be placed with selected professional, institutional and private investors under the Placing. The remaining 10,000,000 Shares, representing 10% of the total number of Shares initially being offered under the Share Offer, will initially be offered to the public in Hong Kong for subscription under the Public Offer. The number of Shares offered for subscription under the Placing and the Public Offer will be subject to re-allocation on the basis described below. No pre-emption right or right to subscribe for the Offer Shares has been granted.

OVER-ALLOTMENT OPTION

In addition, the Company has granted the Over-allotment Option to the Lead Manager exercisable by it at any time within 30 days after the last day for the lodging of applications under the Public Offer to require the Company to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer, to cover over-allocations in the Placing. The additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option will be allocated to the Placing. The Lead Manager may also cover any over-allocations under the Placing through the purchase of Shares in the secondary market or otherwise as may be permitted under applicable laws. Any purchases of Shares in the market to cover the over-allocations will be made at prices not exceeding the Offer Price. The number of Shares that may be over-allocated may not be greater than the number of Shares that may be allotted and issued under the Over-allotment Option. Assuming the Over-allotment Option is not exercised, the Offer Shares will represent 25% of the Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. If the Over-allotment Option is exercised in full, the Offer Shares (including the Shares allotted and issued pursuant to the exercise of the Over-allotment Option) will represent approximately 27.7% of the enlarged issued share capital of the Company immediately after completion of the Share Offer, the Capitalisation Issue and the exercise of the Over-allotment Option in full. In the event that the Over-allotment Option is exercised, an announcement will be made in English in The Standard and in Chinese in the Hong Kong Economic Times.

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Based on an Offer Price of HK\$3.24 per Share (being the mid-point of the Offer Price range between HK\$2.86 per Offer Share and HK\$3.62 per Offer Share), the net proceeds of the Share Offer, assuming that the Over-allotment Option is not exercised and after deducting related expenses, are estimated to be approximately HK\$324 million. If the Over-allotment Option is exercised in full, the Company will receive additional net proceeds of approximately HK\$47 million, after deducting brokerages, commissions and expenses attributable to the exercise of the Over-allotment Option.

The Public Offer is open to the public as well as to institutional, professional and private investors in Hong Kong. The Placing involves selective marketing of the Placing Shares by the Placing Underwriter to professional, institutional and private investors. Investors may apply for the Shares under the Public Offer and indicate an interest for the Shares under the Placing, but may only receive an allocation of Shares under the Public Offer or the Placing. The Offer Shares are not available for subscription by the directors and chief executive of the Company or any of its subsidiaries, existing beneficial owners of the Shares or their respective associates.

THE PLACING

The Company is initially offering, at the Offer Price, 90,000,000 Shares (subject to reallocation as mentioned in the paragraph headed "Re-allocation of Offer Shares between the Public Offer and the Placing" below), representing 90% of the total number of Shares being initially offered under the Share Offer, for subscription by way of Placing. The Placing is managed by the Lead Manager and fully underwritten by the Placing Underwriters. Pursuant to the Placing, it is expected that the Placing Underwriter or selling agents nominated by it will, on behalf of the Company, conditionally place the Placing Shares at the Offer Price plus 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies and fund managers, whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares to professional, institutional and private investors pursuant to the Placing will be based on 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 investor is likely to purchase further Shares, or hold or sell the Shares placed, after 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 broad shareholder base to the benefit of the Company and its shareholders taken as a whole. Investors to whom Placing Shares are offered are required to undertake not to apply for the Public Offer Shares under the Public Offer. The level of indication of interest in the Placing are expected to be published in the *The Standard* (in English) and the *Hong Kong Economic Times* (in Chinese) on 15 December 2006. The Placing is subject to the conditions stated in the paragraph headed "Conditions of the Share Offer" above.

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THE PUBLIC OFFER

The Company is initially offering, at the Offer Price, 10,000,000 Shares (subject to reallocation as mentioned in the paragraph headed “Re-allocation of Offer Shares between the Public Offer and the Placing” below), representing 10% of the total number of Shares being initially offered under the Share Offer, for subscription under the Public Offer. The Public Offer is fully underwritten by the Public Offer Underwriter subject to the terms and conditions of the Underwriting Agreement. Applicants for the Public Offer Shares are required on application to pay the Offer Price plus 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee.

The total number of the Offer Shares available under the Public Offer (after deducting the 1,000,000 Public Offer Shares available for subscription by eligible full-time employees of the Group) is to be divided into two pools of initially 4,500,000 Public Offer Shares for each of pool A and pool B, respectively, for allocation purposes:

- Pool A: The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that the applications in pool A and applications in pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of the Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the 9,000,000 Public Offer Shares initially included in the Public Offer (that is 4,500,000 Offer Shares) will be rejected.

Applications under the Public Offer from investors receiving the Placing Shares under the Placing will be identified and rejected and investors receiving the Public Offer Shares under the Public Offer will not be offered the Placing Shares under the Placing. Multiple applications or suspected multiple applications and applications for more than 100% of the Public Offer Shares being initially offered for public subscription (excluding the Public Offer Shares initially available to eligible full-time employees of the Group on a preferential basis) in one pool under the Public Offer are liable to be rejected.

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Multiple applications within pool A or pool B, and between the two pools will be rejected. The Directors, the Sponsor, the Public Offer Underwriters and the Company will take reasonable steps to identify and reject applications under the Public Offer from investors who have received Public Offer Shares in the Placing, and to identify and reject indications of interest in the Placing from investors who have received Public Offer Shares in the Public Offer.

Allocation of the Public Offer Shares to investors 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 applicants may be allotted more Public Offer Shares 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. The results of the Public Offer and basis of allotment of the Public Offer Shares (with successful applicants' identification document numbers, where appropriate) are expected to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) on 15 December 2006.

The Public Offer is subject to the conditions as stated in the paragraph headed "Conditions of the Share Offer" above.

EMPLOYEE SUBSCRIPTION

Up to a maximum of 1,000,000 Public Offer Shares, representing 10% of the total number of Shares initially available under the Public Offer and 1% of the Offer Shares initially available under the Share Offer, are available for subscription by full-time employees of the Group (excluding the directors or chief executive of the Company or any of its subsidiaries, the existing beneficial owners of Shares and their respective associates or connected persons) (the "Eligible Employees") on a preferential basis, if their applications for the Public Offer Shares are made on the **PINK** application forms. Allocation of these Public Offer Shares will be based on the written guidelines consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules and distributed to the Eligible Employees. Under such written guidelines, the allocation will be made on a pro rata basis in an equitable manner based solely on the level of valid applications received from Eligible Employees. The allocation will not be based on the seniority or the length of service of the Eligible Employees. No favour will be given to the Eligible Employees who apply for a large number of Public Offer Shares. Applications made on **PINK** application forms for more than the maximum number of Public Offer Shares available for subscription by Eligible Employees, on a preferential basis, will be rejected.

SECURITIES LENDING AGREEMENT

In order to facilitate settlement of over-allocations in connection with the Placing, Harmonious World, being a controlling Shareholder of the Company, and the Lead Manager have entered into the Securities Lending Agreement. Under the Securities Lending Agreement, Harmonious World has agreed with the Lead Manager that, if requested by the Lead Manager, Harmonious World will, subject to the terms of the Securities Lending

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Agreement, make available to the Lead Manager up to 15,000,000 Shares held by it, by way of securities lending, in order to cover over-allocations in connection with the Placing. In this connection, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by the controlling Shareholder within the first six-month period from the Listing Date, in order to allow Harmonious World to enter into and perform its obligations under the Securities Lending Agreement on the conditions that:

- (a) such securities lending arrangement with Harmonious World will only be effected by the Lead Manager for settlement of over-allocations in connection with the Placing, if any;
- (b) the maximum number of Shares to be borrowed from Harmonious World by the Lead Manager must not exceed the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;
- (c) the same number of Shares borrowed must be returned to Harmonious World or its nominees, as the case may be, not later than three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised or (b) the day on which the Over-allotment Option is exercised in full and the relevant Shares under the Over-allotment Option have been issued;
- (d) the securities lending arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements; and
- (e) no payment or other benefit will be made to Harmonious World by the Lead Manager under the securities lending arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, agree to purchase or actually purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, to prevent a decline in the initial public offer prices of the securities. Such transaction 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. In Hong Kong, the stabilisation price will not exceed the initial public offer price. In other jurisdictions, the stabilisation price may or may not be higher than the initial public offer price.

In connection with the Share Offer, the Lead Manager (not as agent for the Company) may over-allocate Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. In covering such over-allocations, the Lead Manager may exercise the Over-allotment Option not later than 30 days after the last day for the lodging of applications under the Public Offer or make (or agree, offer or attempt to make) open-

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market purchases in the secondary market. The Lead Manager may also sell or agree to sell any Shares acquired in the course of any stabilisation action in order to liquidate any position that has been established by such action. However, there is no obligation on the Lead Manager to conduct any such stabilisation action which, if began, may be discontinued at any time at the absolute discretion of the Lead Manager. The number of Shares over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 15,000,000 Shares, which is 15% of the Shares initially available under the Share Offer. A press announcement will be made in the event that the Over-allotment Option is exercised in part or in full.

Stabilisation action cannot be taken to support the price of the Offer Shares for longer than the stabilising period which begins on the commencement of trading of the Offer Shares after this prospectus is issued and the Offer Price is announced and ends on the thirtieth day after the last day for the lodging of applications under the Public Offer ("Stabilisation Period"). The Stabilisation Period is expected to expire on 7 January 2007, and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price, could fall.

During the Stabilisation Period, as detailed below, the Lead Manager as stabilising manager or any person acting for it, may offer or agree to purchase, or purchase, the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, which will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with any such stabilisation transactions, the Lead Manager as stabilising manager, or any person acting for it, may allocate a greater number of Shares than the number that is initially offered, or well or agree to sell Shares so as to establish a short position in them. It may close out any such short position by exercising the Over-allotment Option, as described above. It may also agree to sell or sell any Shares acquired in the course of any stabilisation transactions in order to liquidate any position that has been established by such action.

The Lead Manager may, in connection with the stabilising action, maintain a long position in the Shares. The size of the long position, and the time period for which the Lead Manager will maintain such a position during the Stabilisation Period, are at the sole discretion of the Lead Manager and is uncertain. In the event that the Lead Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

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

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RE-ALLOCATION OF OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING

The allocation of Offer Shares between the Placing and the Public Offer is subject to re-allocation. If the number of Shares validly applied for in the Public Offer:

- (a) represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Public Offer, then 20,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 30,000,000 Shares will be available under the Public Offer, representing 30% of the Offer Shares initially available under the Share Offer;
- (b) represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Public Offer, then 30,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 40,000,000 Shares will be available under the Public Offer, representing 40% of the Offer Shares initially available under the Share Offer;
- (c) represents 100 times or more of the number of Shares initially available for subscription under the Public Offer, then 40,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 50,000,000 Shares will be available under the Public Offer, representing 50% of the Offer Shares initially available under the Share Offer; and
- (d) in each of the above cases, the number of Shares allocated to the Placing will be correspondingly reduced, subject to the exercise of the Over-allotment Option.

If the Public Offer is not fully subscribed, the Lead Manager (for itself and on behalf of the Sponsor and the Underwriters) has the absolute discretion to re-allocate 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 to satisfy the demand under the Placing. If the Placing is not fully subscribed, the Lead Manager, for itself and on behalf of the Sponsor and the Underwriters, has the authority to re-allocate 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 unsubscribed Placing Shares. Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on 15 December 2006.