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## STRUCTURE OF THE OFFERING

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### OFFER PRICE AND PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$1.95 and is expected to be not less than HK\$1.75 per Offer Share. Based on the maximum Offer Price of HK\$1.95 per Offer Share, plus 1% brokerage fee, 0.005% SFC transaction levy (per side), 0.002% investor compensation levy (per side) and 0.005% Stock Exchange trading fee (per side), one board lot of 2,000 Shares will amount to a total of HK\$3,939.48.

The Offer Price is expected to be determined by the Company and the Global Co-ordinator (on behalf of the Underwriters) on or before 26 February 2005, or such later date as may be agreed by the Company and the Global Co-ordinator (on behalf of the Underwriters) but in any event no later than 3 March 2005.

If, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, the Global Co-ordinator (on behalf of the Underwriters, and with the consent of the Company) thinks it appropriate (for instance, if the level of interest is below the indicative Offer Price range), the indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications. 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 last day for lodging applications under the Hong Kong Public Offering cause there to be published in the South China Morning Post and The Standard (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction of the indicative Offer Price range. Such notice will also include any financial information which may change as a result of any such reduction. **If applications for Hong Kong Offer Shares have been submitted prior to the day which is the latest day for lodging applications under the Hong Kong Public Offering, then even if the Offer Price is so reduced, such applications cannot be subsequently withdrawn.**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 Company and the Global Co-ordinator (on behalf of the Underwriters) on or before the Price Determination Date (or such later date as may be agreed by the Company and the Global Co-ordinator (on behalf of the Underwriters) but in any event no later than 3 March 2005), the Offering will not proceed and will lapse.**

### CONDITIONS

Acceptance of all applications for the Offering will be conditional upon, inter alia:

- (i) the Listing Committee granting a listing of, and permission to deal in the Shares issued and to be issued as mentioned in this prospectus (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Global Co-ordinator on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements or otherwise,

## STRUCTURE OF THE OFFERING

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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) or such later date as the Global Co-ordinator may agree with the Company, not being later than 30 days after the date of this prospectus. If these conditions are not fulfilled, all application monies will be returned, without interest, on the terms set out in the section headed “How to apply for the Hong Kong Offer Shares” in this prospectus. In the meantime, such monies will be held in a separate bank account with the Receiving Banker or other licensed bank(s) in Hong Kong.

### PREFERENCE TO FULL-TIME EMPLOYEES

Up to a maximum of 3,044,000 Hong Kong Offer Shares, representing approximately 10% of the total number of Shares initially available under the Hong Kong Public Offering and approximately 1% of the Offer Shares, are available for subscription by full-time employees of the Group as at 31 December 2004 who are still full-time employees of the Group at the time they make an application on a **PINK** application form (excluding the directors or the chief executive of the Company and its subsidiaries, the existing beneficial owners of Shares and their respective associates) (the “Eligible Employees”) on a preferential basis, if their applications for the Hong Kong Offer Shares are made on the **PINK** application forms. Allocation of these Hong Kong Offer Shares will be based on written guidelines consistent with the allocation guidelines contained in Practice Note 20 to 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 Shares and applications made on **PINK** application forms for more than the maximum number of Shares available for subscription by Eligible Employees will be rejected. As at 31 December 2004, the total number of employees eligible for preferential subscription was 1,098.

### OFFER MECHANISM — BASIS OF ALLOCATION OF SHARES

#### The Offering

The Offering consists of the Hong Kong Public Offering and the International Placing. The 304,548,000 Shares initially offered will comprise 30,456,000 New Shares being offered under the Hong Kong Public Offering and 274,092,000 Shares being offered under the International Placing (comprising 219,544,000 New Shares offered for subscription by the Company and 54,548,000 Sale Shares offered for sale by the Selling Shareholder). The 304,548,000 Shares being offered under the Offering will represent approximately 30.5% of the Company’s enlarged share capital immediately after completion of the Offering (without taking into account the exercise of the Over-allotment Option). Of the total of 304,548,000 Shares comprised in the Offering, 250,000,000 New Shares are offered for subscription by the Company and 54,548,000 Shares are offered for sale by the Selling Shareholder. The Selling Shareholder is expected to offer and sell Shares in the International Placing only and not in the Hong Kong Public Offering. All stamp duty payable in connection with purchase of the Sale Shares from the Selling Shareholder (if any) will be borne by the Selling Shareholder. The Over-allotment Option is expected to be made available to the Underwriters in the International Placing and will not be part of the Hong Kong Public Offering.

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## STRUCTURE OF THE OFFERING

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Subject to possible reallocation on the basis set forth below, 30,456,000 New Shares, representing approximately 10% of the total number of Shares initially being offered under the Offering, will be offered to the public in Hong Kong under the Hong Kong Public Offering. The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors.

Out of the total 304,548,000 Shares offered pursuant to the Offering, 274,092,000 Shares, representing approximately 90% of the total number of Shares initially being offered under the Offering, will be placed with professional and institutional investors in Hong Kong, the United States, Europe and elsewhere under the International Placing. The International Placing Shares will be offered in Hong Kong, Europe and other jurisdictions outside the United States in offshore transactions, as defined in, and in reliance on, Regulation S, and in the United States to QIBs, as defined in and in reliance on, Rule 144A.

In connection with the Offering, the Company has granted to the Global Co-ordinator the Over-allotment Option which is exercisable at any time no later than 30 days from the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Company may be required to issue up to an aggregate of 45,682,000 additional Shares (representing approximately 15% of the number of Shares initially being offered under the Offering) to cover overallocations in the International Placing. The Global Co-ordinator may also cover over-allocations in the International Placing by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and the exercise, in part or in full, of the Over-allotment Option. The number of Shares that may be over-allocated will not exceed the maximum number of Shares that may be issued under the Over-allotment Option. 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, on completion of the Offering, the Offer Shares will represent approximately 33.5% of the Company's enlarged issued share capital.

If the Global Co-ordinator decides to exercise the Over-allotment Option, it will be exercised solely to cover over-allocations in the International Placing. The International Placing Shares (including any over-allocations) will be allocated prior to the commencement of trading of the Shares on the Stock Exchange.

The levels of indication of interest in the International Placing and the basis of allotment and the results of applications under the Hong Kong Public Offering are expected to be published in the South China Morning Post and The Standard (in English) and in the Hong Kong Economic Times (in Chinese) on or before 3 March 2005.

The net proceeds from the Offering, after deducting commissions and expenses and assuming an Offer Price of HK\$1.85 per Share (being the mid-point of the stated range of the Offer Price between HK\$1.75 to HK\$1.95 per Share) and that the Over-allotment Option is not exercised at all, are estimated to be approximately HK\$432.5 million. If the Over-allotment Option is exercised in full, the Company would receive additional net proceeds (after deducting commissions and expenses attributable to the exercise of the Over-allotment Option) of approximately HK\$82.4 million.

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## STRUCTURE OF THE OFFERING

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### The Hong Kong Public Offering

The Company is initially offering 30,456,000 Hong Kong Offer Shares, representing approximately 10% of the total number of Shares initially being offered in the Offering, for subscription by way of a public offer in Hong Kong. The Hong Kong Offer Shares are being offered at the Offer Price. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters, subject to the terms and conditions of the Hong Kong Underwriting Agreement.

The total number of Shares available for subscription under the Hong Kong Public Offering (after taking into account the Hong Kong Offer Shares available for subscription by Eligible Employees and of any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Shares in pool A will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage fee, the SFC transaction levy, the investor compensation levy and the Stock Exchange trading fee payable) or less. The Shares in pool B will be allocated on an equitable basis to applicants who have applied for Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage fee, the SFC transaction levy, the investor compensation levy and the Stock Exchange trading fee payable) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Shares in one (but not both) of the pools are undersubscribed, the surplus Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

Applicants can only receive an allocation of Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than the total number of Shares originally allocated to each pool (i.e. 13,706,000 Shares) are liable to be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application form submitted by him that he and any person(s) for whose benefit he is making the application have not received any 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).

The allocation of the Shares between the International Placing and the Hong Kong Public Offering is subject to adjustment. If the number of Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offering will increase to 91,364,000 New Shares, representing approximately 30% of the Shares initially available for subscription under the Offering. If the number of Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Placing will be increased so that the total number of Shares available for subscription under the Hong Kong Public Offering will be 121,820,000 New Shares, representing approximately 40% of the Shares initially available for subscription under the Offering. If the number of Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Shares initially available for subscription under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong

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## STRUCTURE OF THE OFFERING

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Kong Public Offering from the International Placing will be increased, so that the total number of Shares available for subscription under the Hong Kong Public Offering will increase to 152,272,000 New Shares, representing approximately 50% of the Shares initially available for subscription under the Offering. In each such case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of Shares allocated to the International Placing will be correspondingly reduced.

In addition, if the Hong Kong Public Offering is not fully subscribed, the Global Co-ordinator in its discretion may reallocate all or any unsubscribed Shares originally included in the Hong Kong Public Offering to the International Placing.

CLSA Limited is the Global Co-ordinator and Lead Manager of the Hong Kong Public Offering which is underwritten at the Offer Price by the Hong Kong Underwriters, on and subject to the terms and conditions of the Hong Kong Underwriting Agreement.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants but, subject to that, will be made strictly on a pro-rata basis, although this could, where appropriate, consist of balloting. Balloting would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

### **The International Placing**

The number of Shares to be initially offered for subscription or sale (as the case may be) under the International Placing will be 274,092,000 Shares consisting of 219,544,000 New Shares offered by the Company for subscription and 54,548,000 Sale Shares offered by the Selling Shareholder for sale, representing in aggregate approximately 90% of the Shares under the Offering. The International Placing is fully underwritten by the International Placing Underwriters, subject to the Price Determination Agreement and the other terms and conditions of the International Placing Underwriting Agreement.

The International Placing Underwriters are soliciting from prospective professional and institutional investors indications of interest in acquiring International Placing Shares in the International Placing. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities and entities which regularly invest in shares and other securities. Prospective professional and institutional investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process is known as “book building”. In Hong Kong, retail investors should apply for Offer Shares in the Hong Kong Public Offering, as retail investors applying for International Placing Shares, including retail investors applying through banks and other institutions, are unlikely to be allocated any International Placing Shares.

Allocation of the International 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 Shares

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## STRUCTURE OF THE OFFERING

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after the Listing. Such allocation is generally intended to result in a distribution of the International Placing 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 the Hong Kong Public Offering is not fully subscribed, the Global Co-ordinator may reallocate all or any unsubscribed Shares originally included in the Hong Kong Public Offering to the International Placing.

The International Placing Underwriters or selling agents nominated by the International Placing Underwriters shall, on behalf of the Company and the Selling Shareholder, conditionally place the International Placing Shares with professional and institutional investors in the United States pursuant to Rule 144A (or other applicable exemptions from the registration requirements of the Securities Act), and in Hong Kong, Europe and elsewhere (pursuant to Regulation S). The International Placing shall be subject to the Offering restrictions set out under the section headed “Information about this prospectus and the Offering” in this prospectus.

The International Placing is conditional on the same conditions as set out in the section “Conditions” above. The total number of International Placing Shares to be allotted and issued pursuant to the International Placing may change as a result of the clawback arrangement referred to in the section headed “Structure of the Offering — Offer mechanism — basis of allocation of Shares — The Hong Kong Public Offering” in this prospectus, the exercise of the Over-allotment Option and any reallocation of unsubscribed Shares originally included in the Hong Kong Public Offering.

### **OVER-ALLOTMENT AND STABILIZATION**

#### **The Over-allotment Option**

In connection with the Offering, the Company intends to grant to the Global Co-ordinator, on behalf of the International Placing Underwriters, the Over-allotment Option, which will be exercisable by the Global Co-ordinator, on behalf of the International Placing Underwriters, up to the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Company may be required to issue and allot at the Offer Price up to an aggregate of 45,682,000 additional Shares, representing approximately 15% of the total number of Shares initially available under the Offering, in connection with any over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 4.4% of the Company’s enlarged issued share capital following the completion of the Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

#### **Stabilization action**

In connection with the Offering, the Global Co-ordinator, or any person acting for it, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the part of the Global Co-ordinator, or any person acting for it, to do this. Such stabilizing action, if taken, may be discontinued at any time and is required to be brought to an end after a limited period. The Global Co-ordinator has been or will be appointed as the stabilizing manager for the purposes of the Offering in accordance

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## STRUCTURE OF THE OFFERING

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with the Securities and Futures (Price Stabilizing) Rules made under the SFO and, should stabilizing transactions be effected in connection with the Offering, this will be at the absolute discretion of the Global Co-ordinator. An announcement will be made to the public within seven days after the end of the stabilizing period as required under the Securities and Futures (Price Stabilizing) Rules made under the SFO.

Following any over-allotment of Shares in connection with the Offering, the Global Co-ordinator or any person acting for it may cover such over-allocation by (among other methods) making purchases in the secondary market or exercising the Over-allotment Option in full or in part, or by any combination of purchases and exercise of the Over-allotment Option. Any such purchases will be made in compliance with all applicable laws and regulatory requirements including the Securities and Futures (Price Stabilizing) Rules 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 exercise of the Over-allotment Option, being 45,682,000 Shares representing approximately 15% of the Shares initially available under the Offering.

In order to facilitate the settlement of over-allocations in connection with the Offering, the Global Co-ordinator (or its affiliate(s)) may choose to borrow Shares from shareholders of the Company under stock borrowing arrangements, or acquire Shares from other sources, including by exercise of the Over-allotment Option. Such stock borrowing arrangements may include arrangements agreed between the Global Co-ordinator and 3WH Limited. For the purposes of these stock borrowing arrangements, the Company and 3WH Limited have applied to the Stock Exchange for a waiver from strict compliance with Rule 10.07(1) of the Listing Rules which otherwise restricts the disposal of shares by controlling shareholders following a new listing. The waiver is granted subject to the conditions that:

- the stock borrowing arrangements with 3WH Limited under the stock borrowing agreement entered into with the Global Co-ordinator may only be effected by the Global Co-ordinator for the settlement of over-allocations in connection with the International Placing;
- the maximum number of Shares borrowed from 3WH Limited will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares borrowed from 3WH Limited must be returned to it or its nominees (as the case may be) no later than three business days following the earlier of (1) the last day for exercising the Over-allotment Option; or (2) the date on which the Over-allotment Option is exercised in full; and
- 3WH Limited will not receive any payment or benefit in respect of such stock borrowing arrangement and the stock borrowing arrangement entered into will be conducted in accordance with all applicable laws and regulatory requirements.

The possible stabilizing action which may be taken by the Global Co-ordinator in connection with the Offering and for the sole purpose of preventing or minimising any reduction in the market price of the Shares, may involve (among other things) (1) over-allotment of Shares, (2) purchases of, or agreement to purchase, Shares, (3) establishing, hedging and liquidating positions in Shares, (4) exercising the Over-allotment Option in whole or in part and/or (5) offering or attempting to do any of the foregoing.

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## STRUCTURE OF THE OFFERING

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Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Global Co-ordinator may, in connection with any stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Global Co-ordinator will maintain such a position;
- liquidation of any such long position by the Global Co-ordinator may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on 27 March 2005, being the 30th day after the date expected to be the latest date for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above its offer price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

### LISTING ON ANY OTHER STOCK EXCHANGE

The Directors are not considering any listing of the Company on any other overseas stock exchange. The Company has not submitted any application nor obtained any approval for the listing of the Shares on any other stock exchange.