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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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### **PRICE PAYABLE ON APPLICATION**

The Offer Price will not be more than HK\$2.35 and is currently expected to be not less than HK\$1.63. Investors have to pay on application the maximum Offer Price of HK\$2.35 per Offer Share plus 1% brokerage, 0.005% SFC transaction levy and 0.005% Stock Exchange trading fee, constituting a total of HK\$4,747.47 for every board lot of 2,000 Shares (based on the maximum Offer Price of HK\$2.35).

If the Offer Price, as finally determined in the manner as set out below, is lower than the maximum Offer Price of HK\$2.35 per Share, appropriate refund payments will be made. Further details in this regard are set out in the section headed "How to apply for the Public Offer Shares" of this prospectus.

### **DETERMINING THE OFFER PRICE**

The Offer Price will be determined by SinoPac (for itself and on behalf of the Public Offer Underwriters) and the Company on or before Saturday, 4th February, 2006 or such later date as may be agreed amongst SinoPac (for itself and on behalf of the Public Offer Underwriters) and the Company but in any event not later than 5:00 p.m. on Wednesday, 8th February, 2006.

**If SinoPac (for itself and on behalf of the Public Offer Underwriters) and the Company are unable to reach agreement on the final Offer Price on Saturday, 4th February, 2006, the International Offering will not proceed. In such event, the Company will issue an announcement on Monday, 6th February, 2006.**

**Prospective investors should be aware that the Offer Price to be determined at or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

If, based on the level of interest expressed by prospective investors during the book-building process, SinoPac (on behalf of the Underwriters, and with the consent of the Company) thinks it appropriate (for instance, if the level of interest expressed by prospective investors is below the indicative Offer Price range stated in this prospectus), the indicative Offer Price range may be reduced below that stated in this prospectus at any time not later than the morning of the day which is 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 to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notice of any such a reduction. **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.** Such notice will also include confirmation or

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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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revision, as appropriate, the offering statistics, and any other financial information as currently set out in this prospectus which may change materially as a result of any such reduction. **Applicants under the Public Offer should note that, even if the indicative Offer Price 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 expiration of the fifth day after the time of the opening of the application lists (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.**

In the absence of any notice being published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) of a reduction of the indicative Offer Price range in the manner set out above, 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.

### **CONDITIONS OF THE INTERNATIONAL OFFERING**

Acceptance of your application for Offer Shares pursuant to the Public Offer 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 herein;

**(b) Price Determination Agreement**

the Offer Price having been duly determined and the execution and delivery of the Price Determination Agreement on or before the Price Determination Date;

**(c) Underwriting Agreements**

(i) the execution and delivery of the Placing Underwriting Agreement in accordance with its terms or otherwise, on or around the date of the Price Determination Agreement; and

(ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by SinoPac (for itself and on behalf of the Underwriters) and the Underwriting Agreements not being terminated in accordance with its terms. Details of the Underwriting Agreements, its conditions and grounds for termination are set out in the section headed “Underwriting” of this prospectus.

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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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The consummation of each of the Public Offer and the Placing is conditional upon, among other things, each of them becoming unconditional and not having been terminated in accordance with its terms.

If the conditions referred to above are not fulfilled 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 Saturday, 25th February, 2006, the International Offering will lapse and application moneys will be returned to the applicants under the Public Offer and the placees under the Placing (as the case may be), without interest. The terms on which application moneys under the Public Offer will be returned to the applicants are set out under the section headed "How to apply for Public Offer Shares" of this prospectus.

In the meantime, the application moneys 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 INTERNATIONAL OFFERING**

The International Offering comprises the Placing and the Public Offer. A total of 200,000,000 Offer Shares will be made available under the International Offering. A total of 180,000,000 Placing Shares, comprising 140,000,000 New Shares and 40,000,000 Sale Shares, representing 90% of the Offer Shares available under the International Offering, will be conditionally placed with professional, institutional and individual investors in Hong Kong under the Placing. The remaining 20,000,000 Offer Shares, representing 10% of the Offer Shares being offered under the International Offering, will be offered to members of the public in Hong Kong under the Public Offer. Both the Placing and the Public Offer are subject to reallocation on the basis described below.

Investors may apply for the Public Offer Shares under the Public Offer or indicate an interest for the Placing Shares under the Placing, but may not do both. Investors may only receive an allocation of Shares under the Placing or the Public Offer but not both. The Public Offer is open to all members of the public in Hong Kong.

The Public Offer Shares are fully underwritten by the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement and the Placing Shares are expected to be fully underwritten by the Placing Underwriters pursuant to the Placing Underwriting Agreement to be entered on or about the Price Determination Date and is subject to the Company and SinoPac, on behalf of the Underwriters, agreeing on the Offer Price. Further details of the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares will represent 25% of the enlarged issued share capital of the Company immediately after completion of the International Offering and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is

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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital of the Company immediately after the completion of the International Offering, the Capitalisation Issue 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.

### **THE PLACING**

Pursuant to the Placing, the Company is initially offering 180,000,000 Placing Shares, comprising 140,000,000 New Shares and 40,000,000 Sale Shares at the Offer Price, representing an aggregate of 90% of the total number of Offer Shares being offered under the International Offering, subject to reallocation as described below, for subscription or purchase (as the case may be) by way of the Placing. The Placing is expected to be fully underwritten by the Placing Underwriters, subject to the terms and conditions of the Placing Underwriting Agreement to be entered into on or before the Price Determination Date and is subject to the Company and SinoPac, on behalf of the Underwriters, agreeing on the Offer Price. Investors subscribing for the Placing Shares are required to pay the maximum Offer Price of HK\$2.35 per Offer Share plus 1% brokerage, 0.005% SFC transaction levy and 0.005% Stock Exchange trading fee.

Pursuant to the Placing, it is expected that the Placing Underwriters or selling agents nominated by the Placing Underwriters on behalf of the Company will conditionally place the Placing Shares at the Offer Price with professional, institutional and/or individual investors. Professional and institutional 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.

Allocation of the Placing Shares pursuant to the 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 Placing will be based on a number of factors, including the level and timing of demand, the 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 Shares, and/or hold or sell his/her/its Placing Shares, after the listing of the Shares on the Stock Exchange. 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 for the benefit of the Company and its shareholders as a whole. In addition, the Directors will use their best endeavours to observe the minimum public float requirement under the Listing Rules when making allocations of the Placing Shares to investors which are anticipated to have a sizeable demand for the Placing Shares. Investors to whom the Placing Shares are offered will be required to undertake not to apply for the Public Offer Shares under the Public Offer.

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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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In Hong Kong, retail investors should apply for the Public 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. The Company, the Directors and SinoPac (for itself and on behalf of the Underwriters) will take reasonable steps to identify and reject indications of interests in the Placing from investors who have received allocation of Public Offer Shares. Prospective investors may be required to give an undertaking and confirmation that he/she/it has not applied for or taken up any Public Offer Shares.

The Placing is subject to the conditions as stated in the paragraph headed “Conditions of the International Offering” above. The total number of Placing Shares to be allotted and issued pursuant to the Placing may change as a result of the clawback arrangement referred to in the paragraph headed “Reallocation of the Offer Shares between the Public Offer and the Placing” below and any reallocation of unsubscribed Shares originally included in the Public Offer.

### **THE PUBLIC OFFER**

Pursuant to the Public Offer, the Company is initially offering 20,000,000 Public Offer Shares, representing 10% of the Offer Shares being offered under the International Offering, subject to reallocation as described below, for public subscription in Hong Kong under the Public Offer at the Offer Price. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement to be entered into on or before Price Determination Date and is subject to the Company and SinoPac, on behalf of the Underwriters, agreeing on the Offer Price. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$2.35 per Offer Share plus 1% brokerage, 0.005% SFC transaction levy and 0.005% Stock Exchange trading fee.

No application will be accepted from applicants applying for more than the total number of Public Offer Shares initially available for subscription under the Public Offer. Multiple or suspected multiple applications and any application for more than the total number of Public Offer Shares initially available for subscription under the Public Offer are liable to be rejected. An applicant for Offer Shares under the Public Offer will be required to give an undertaking and confirmation in the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not received or applied for or will not receive or apply for any Placing Shares under the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

The Company, the Directors and SinoPac (for itself and on behalf of the Underwriters) will take reasonable steps to identify and reject applications under the Public Offer from investors who have received Placing Shares under the Placing, and to identify and reject indications of interests in the Public Offer from investors who have received Placing Shares under the Placing.

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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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Allocation of Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by each applicant, but will otherwise be made on a strictly pro-rata basis. In addition, the allocation of Public Offer Shares in such circumstances may, where appropriate, 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.

There will initially be a total of 20,000,000 Public Offer Shares available for subscription under the Public Offer under the **white** and **yellow** Application Forms. For allocation purposes only, the number of the Public Offer Shares will be divided equally into two pools: pool A and pool B. The Public Offer Shares in pool A will consist of 10,000,000 Shares and will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) or less. The Public Offer Shares available in pool B will consist of 10,000,000 Shares and will be allocated on an equitable basis to applicants who have applied for Public Offer Shares in the value of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) and up to the total initial value of pool B.

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

The Public Offer is subject to the conditions stated in the section headed “Conditions of the International Offering” above.

### **REALLOCATION OF THE OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING**

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

- (a) if the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Public Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated

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## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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to the Public Offer from the Placing so that the total number of Public Offer Shares available for subscription under the Public Offer will be increased to 60,000,000, representing 30% of the Offer Shares available under the International Offering (assuming the Over-allotment Option is not exercised);

- (b) if the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Public Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Public Offer Shares available for subscription under the Public Offer will be increased to 80,000,000 Shares, representing 40% of the Offer Shares available under the International Offering (assuming the Over-allotment Option is not exercised); and
- (c) if the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Public Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Public Offer Shares available for subscription under the Public Offer will be increased to 100,000,000 Shares, representing 50% of the Offer Shares available under the International Offering (assuming the Over-allotment Option is not exercised).

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

If either the Public Offer or the Placing is not fully subscribed, SinoPac has the authority to reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing (or vice versa, as appropriate) in such proportion and manner as it considers appropriate.

### **OVER-ALLOTMENT OPTION**

Upon signing of the Placing Underwriting Agreement and in connection with the International Offering, the Company will grant to SinoPac the Over-allotment Option, exercisable by SinoPac (for and on behalf of the Underwriters) at any time within 30 days after the date of the last day of lodging application under the Public Offer. Pursuant to the Over-allotment Option, SinoPac may require the Company to allot and issue up to and not more than an aggregate of 30,000,000 additional Shares (representing 15% of the total number of the Offer Shares initially available under the International Offering) at the Offer Price to cover over-allocations in the Placing.

SinoPac may also, at its option, cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements with Ability Enterprise BVI or by a combination of these means or otherwise as may be permitted under applicable

## **STRUCTURE AND CONDITIONS OF THE INTERNATIONAL OFFERING**

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laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. Following the application by SinoPac (on behalf of Ability Enterprise BVI), the Stock Exchange has granted a waiver to Ability Enterprise BVI from strict compliance with Rule 10.07(1) of the Listing Rules which restricts the disposal of Shares by the controlling shareholders following a new listing, in order to allow Ability Enterprise BVI to enter into and perform its obligations under the Stock Borrowing Agreement subject to the conditions mentioned in this prospectus. If the Over-allotment Option is exercised in full, the additional 30,000,000 Shares will represent approximately 3.61% of the Company's enlarged issued share capital immediately after the completion of the Capitalisation Issue, the International 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.

Please refer to the paragraph headed "Over-allotment and stabilization" in the section headed "Information about this prospectus and the International Offering" of this prospectus for further information in relation to the stabilizing activities which may be undertaken by SinoPac in relation to the International Offering.

In particular, for the purpose of covering such over-allocations, SinoPac may borrow up to 30,000,000 Shares from Ability Enterprise BVI, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. Following the application by SinoPac (on behalf of Ability Enterprise BVI, the controlling Shareholder as at the date of this prospectus), the Stock Exchange has granted a waiver to Ability Enterprise BVI from strict compliance with Rule 10.07(1) of the Listing Rules which restricts the disposal of Shares by the controlling Shareholders following a new listing, in order to allow Ability Enterprise BVI to enter into and perform its obligations under the Stock Borrowing Agreement subject to the following conditions:

- the Stock Borrowing Agreement will only be effected by SinoPac for settlement of over-allocations in the Placing;
- the maximum number of Shares to be borrowed from Ability Enterprise BVI under the Stock Borrowing Agreement 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 so borrowed must be returned to Ability Enterprise BVI 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 Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements; and
- no payments will be made to Ability Enterprise BVI by SinoPac in relation to the Stock Borrowing Agreement.