

DISCLOSURE OF INFORMATION ON THE NEW ISSUE

The New Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms. No person is authorised in connection with the New Issue to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by the Company, Asia Investment Capital, CM-CCS, Kingsway Capital, the Underwriters, any of their respective directors or any other parties involved in the New Issue.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained herein, includes particulars given in compliance with the Companies Ordinance, the Securities (Stock Exchange Listing) Rules 1989 (as amended) and the GEM Listing Rules for the purposes of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this prospectus misleading; and
- (c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONSENT OF THE BERMUDA MONETARY AUTHORITY

The Bermuda Monetary Authority has given its consent to the issue of the Shares under the New Issue on the terms of this prospectus and the Application Forms and to the issue of the Shares under the Capitalization Issue and upon the exercise of the options granted under the Share Option Scheme and, subject to certain conditions, the issue of further Shares up to the total amount of the authorised share capital of the Company from time to time. In granting such permission and in accepting this prospectus for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for the financial soundness of the Group or for the correctness of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

THE NEW ISSUE

Fully underwritten

The New Issue is an offer by the Company of the 66,300,000 New Shares, which are being offered in Hong Kong under the Public Offer and the Placing at the Issue Price. Details of the structure of the New Issue are described in the section headed “Structure and conditions of the New Issue” in this prospectus.

This prospectus is published in connection with the New Issue and, together with the Application Forms, sets out the terms and conditions of the New Issue.

The New Issue is sponsored by the Sponsor and fully underwritten by the Underwriters pursuant to the Underwriting Agreement. For further information in relation to the underwriting arrangements, please refer to the section headed “Underwriting” of this prospectus.

Structure of the New Issue

Details of the structure of the New Issue, including conditions thereof, are set out in the section headed “Structure and conditions of the New Issue” of this prospectus.

OFFER OF NEW SHARES

Hong Kong

Subject to hereinafter stated, no action has been or will be taken in any jurisdiction other than Hong Kong and Bermuda to permit any public offering of the New Shares or the distribution of this prospectus in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, any offer or invitation in any jurisdiction other than Hong Kong or in any circumstance in which such offer or invitation is not authorized to any person to whom it is unlawful to make an unauthorized offer or invitation. Persons into whose possession this prospectus may come is required by the Company and the Sponsor to inform themselves about and to observe such restrictions.

Singapore

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the New Shares have not been offered or sold, or made the subject of an invitation for subscription or purchase, and may not be offered or sold, or be made the subject of an invitation for subscription or purchase, and this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares have not been circulated or distributed nor may they be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

APPLICATION FOR LISTING ON GEM

The Company has applied to the GEM Listing Committee for listing of and permission to deal in its existing Shares, the New Shares, any Shares which are to be issued pursuant to the Capitalization Issue and any Shares which may fall to be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme and/or the Sotas Option on the GEM.

No part of the Company’s share or loan capital is listed or dealt in on any other stock exchange. At present, the Company is not seeking or proposing to seek listing of or permission to deal in its securities on any other stock exchange.

Pursuant to Rule 11.23 of the GEM Listing Rules, at the time of listing and at all times thereafter, (i) the Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of the Company in the hands of the public; (ii) the market capitalization of the share capital of the Company in the hands of the public must be at least HK\$30 million; (iii) the share capital of the Company in the hands of the public should, as at the time of listing, be held among at least 100 persons.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the New Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase or disposal of or dealing in, the Shares or exercising their rights thereunder. It is emphasised that none of the Company, the Directors, the Sponsor, the Underwriters and their respective directors and any other person involved in the

New Issue accepts responsibility for the tax effects on, or liability of, holders of Shares resulting from the subscribing for, or purchasing, holding, disposing, dealing or the exercise of any rights in relation to the New Shares.

REGISTRATION

All Shares in issue and to be issued as mentioned in this prospectus shall be registered on the Company's branch register of members to be maintained by the Company's Hong Kong branch share registrar, Standard Registrars Limited. The Company's principal register of members will be maintained by The Bank of Bermuda Limited in Bermuda. Only Shares registered on the Company's branch register of members maintained in Hong Kong may be traded on GEM.

STAMP DUTY

Dealings in the Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares in issue and to be issued as described in this prospectus on GEM and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

DEALINGS AND SETTLEMENT

Dealings in the Shares are expected to commence on Monday, 4th August, 2003.

Shares will be traded in board lots of 2,000 Shares each.

Dealings in Shares on the GEM will be effected by participants of the Stock Exchange whose bid and offer quotations will be made available on the Stock Exchange's teletext page information system.

No temporary documents of title will be issued. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second business day thereafter.

If you are unsure about the procedures for dealings and settlement arrangements on the Stock Exchange and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.