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## **STRUCTURE OF THE SHARE OFFER**

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### **PRICE PAYABLE ON APPLICATION**

The price payable by applicants is HK\$1.20 per Share plus 1% brokerage and a 0.011% Stock Exchange transaction levy on the Issue Price.

### **CONDITIONS**

Acceptance of all applications for the Share Offer will be conditional upon:

- (i) listing of and permission to deal in the Shares in issue and to be issued as described in this prospectus having been granted by the GEM Listing Committee of the Stock Exchange; and
- (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by ICEA on behalf of the Underwriters) and not being terminated in accordance with the terms of that agreement or otherwise,

in each case on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 16th December, 1999, being the date which is 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 “How to Apply for New Issue Shares” below. 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.

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

#### **The Share Offer**

The Share Offer consists of the Placing and the New Issue. The 75,000,000 Shares being offered under the Share Offer will represent 30% of the Company’s enlarged share capital immediately after the completion of the Share Offer. The Company has to ensure that at least 25% of its issued share capital is held by the public in accordance with the requirements of the GEM Listing Rules from time to time.

Subject to possible reallocation on the basis set forth below, 7,500,000 Shares, representing approximately 10% of the Share Offer, will be offered to the public in Hong Kong under the New Issue and 67,500,000 Shares, representing approximately 90% of the Share Offer, will be placed with professional and institutional investors in Hong Kong and elsewhere under the Placing.

The Placing Shares will be allocated prior to the commencement of trading of the Shares on the Stock Exchange. The levels of indication of interest in the Placing and the basis of allotment and the results of application under the New Issue are expected to be published in the South China Morning Post in English and in the Hong Kong Economic Times in Chinese and on GEM Website on or before 23rd November, 1999.

#### **The Placing**

The Company is initially offering 67,500,000 Placing Shares, representing approximately 90% of the total number of Shares being offered in the Share Offer, for subscription by way of the Placing. The Placing is fully underwritten by the Sole Placing Underwriter subject to the the terms and conditions of the Underwriting Agreement.

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The Sole Placing Underwriter is soliciting from prospective professional and institutional investors indications of interest in acquiring Placing Shares in the 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 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 Shares in the New Issue, as retail investors applying for Placing Shares, including retail investors applying through banks and other institutions, are unlikely to be allocated any Placing Shares.

Allocation of the Placing Shares pursuant to the 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 after the listing of the Shares on the GEM of the Stock Exchange. Such allocation is generally intended to result in a distribution of the 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.

The Sole Placing Underwriter or selling agents nominated by the Sole Placing Underwriter will, on behalf of the Company, conditionally place the Placing Shares with professional and institutional investors in Hong Kong, Japan, Singapore, Europe and certain other jurisdictions outside the United States.

If the Sole Placing Underwriter fails to procure subscriptions for any of the Placing Shares underwritten by it, pursuant to the Underwriting Agreement, all or any unsubscribed Placing Shares may be reallocated to the New Issue as additional New Issue Shares to satisfy valid applications therefor.

The Placing is conditional on the same conditions as set out in the section “Conditions” 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 section “The New Issue” below and any reallocation of unsubscribed Shares originally included in the New Issue.

### **The New Issue**

The Company is initially offering 7,500,000 New Issue Shares, representing approximately 10% of the total number of Shares being offered in the Share Offer, for subscription by way of a public offer in Hong Kong. The New Issue Shares are being offered at the Issue Price.

Multiple or suspected multiple applications and any application for more than the total number of Shares initially being offered under the New Issue are liable to be rejected. Each applicant under the New Issue 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 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 Shares between the Placing and the New Issue is subject to adjustment. If the number of Shares validly applied for under the New Issue represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the New Issue, then Shares will be reallocated to the New Issue from the Placing, so that the total number of Shares available under the New Issue will be 22,500,000 Shares, representing approximately 30% of the Shares initially

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available under the Share Offer. If the number of Shares validly applied for under the New Issue represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the New Issue, then the number of Shares to be reallocated to the New Issue from the Placing will be increased so that the total number of Shares available under the New Issue will be 30,000,000 Shares, representing approximately 40% of the Shares initially available under the Share Offer. If the number of Shares validly applied for under the New Issue represents 100 times or more of the number of Shares initially available for subscription under the New Issue, then the number of Shares to be reallocated to the New Issue from the Placing will be increased, so that the total number of Shares available under the New Issue will be 37,500,000 Shares, representing approximately 50% of the Shares initially available under the Share Offer. In each such case, the number of Shares allocated to the Placing will be correspondingly reduced.

In addition, if the New Issue is not fully subscribed, ICEA may pursuant to the Underwriting Agreement at its discretion reallocate all or any unsubscribed New Issue Shares which any New Issue Underwriters is required to subscribe or procure to be subscribed to the Placing as additional Placing Shares for subscription.

ICEA is the Sponsor and lead manager of the New Issue which is underwritten at the Issue Price by the New Issue Underwriters on and subject to the terms and conditions of the Underwriting Agreement.

Allocation of New Issue Shares to investors under the New Issue will be based solely on the level of valid applications received under the New Issue. The basis of allocation may vary, depending on the number of New Issue 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 New Issue Shares and that applicants who are not successful in the ballot may not receive any New Issue Shares.

### **Listing on any other stock exchange**

The Directors are not considering any listing of the Company on any other overseas stock exchange.