
INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Act, 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 Placing Shares (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the terms of this prospectus, the issue of Remuneration Shares, the issue of Shares pursuant to the Capitalisation Issue and the issue of Shares 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 as referred to in the section headed "Share capital" on page 84 of this prospectus. In granting such consent 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.

THE PLACING

Placing Shares To Be Offered In Certain Jurisdictions Only

No action has been taken in any jurisdiction other than Bermuda and Hong Kong to permit the offering of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute an offer or invitation in any jurisdiction or in any circumstance in which such offer or invitation is not authorised to any person to whom it is unlawful to make an unauthorised offer or invitation. Persons into whose possession this prospectus may come are required by the Company and Oriental Patron to inform themselves about and to observe such restrictions.

The Placing Shares are offered for subscription by way of placing. The Placing is subject to the conditions set out under the section headed "Placing structure and expenses" in this prospectus. Each person subscribing for the Placing Shares in the Placing will be required to, or deemed by its subscription for the Placing Shares to, confirm that it is aware of the restrictions on offers of the Placing Shares described in this prospectus.

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Placing Not Underwritten

The Placing is not underwritten. Should the amount raised under the Placing be less than \$35.4 million, the Placing will not proceed.

Fixing of the Placing Price

The Placing Price will be determined in Hong Kong by Oriental Patron and the Company on or before 17th January, 2000, or such later date as may be agreed by Oriental Patron and the Company, but in any event not later than 1st February, 2000.

If, for any reason, the Placing Price is not determined on or before 17th January, 2000, the expected listing timetable will be postponed, but in any event the expected date of commencement of dealings in the Shares on GEM will not be later than 9th February, 2000.

If, for any reason, Oriental Patron and the Company are unable to reach agreement on the Placing Price by 17th January, 2000, or such later date as may be agreed by Oriental Patron and the Company, but in any event not later than 1st February, 2000, the Placing will not proceed.

APPLICATION FOR LISTING ON GEM

The Company has applied to the GEM Listing Committee of the Stock Exchange for listing of and permission to deal in its existing Shares, the Placing Shares (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), Shares which are to be issued pursuant to the Capitalisation Issue and any Shares which may fall to be issued pursuant to the exercise of options under the Share Option Scheme on 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 any listing or permission to deal on any other stock exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential Shareholders 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, Oriental Patron, their respective directors or any other person involved in the Placing accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase or disposal of or dealing in, the Shares.

REGISTRATION AND STAMP DUTY

All Shares in issue must be registered on the Company's branch register of members to be maintained by HKSCC Registrars Limited in Hong Kong. The Company's principal register of members will be maintained by The Bank of Bermuda Limited in Bermuda.

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

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STABILISATION AND OVER ALLOCATION

In connection with the Placing, Oriental Patron may over-allocate Shares and may cover such over-allocation by exercising the Over-allotment Option no later than 30 days after the date of this prospectus, stock borrowing or making open market purchase in the secondary market. The number of Shares over-allocated will not be greater than the number of Shares which may be issued upon exercise of the Over-allotment Option, being 4,500,000 Shares, which is about 15% of the Shares initially available under the Placing. Oriental Patron may also effect transactions which stabilise or maintain the market price of the Shares. Any such over-allocation, stock borrowing, purchase or transaction will be made in compliance with all applicable laws.

Stabilisation is a practice used by securities practitioners in some markets to facilitate the distribution of securities. To stabilise, securities practitioners may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer prices of the securities. Such transactions 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.

Stabilisation is not a practice commonly associated with the distribution of securities in Hong Kong. In Hong Kong, such stabilisation activities are restricted to cases where securities practitioners genuinely purchase shares on the secondary market solely for the purpose of covering over-allocation in an offering. Such transactions, if commenced, may be discontinued at any time. Should stabilising transactions be effected in connection with the distribution of Shares, they will be done at the absolute discretion of Oriental Patron. The prices of the Shares being purchased in the secondary market shall not exceed the Placing Price. The relevant provisions of the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) prohibit market manipulation in the form of pegging or stabilising the price of securities in certain circumstances.

In order to facilitate the settlement of over-allocation in connection with the Placing, Oriental Patron may either borrow Shares from Ultra Challenge under stock borrowing arrangements pending exercise of the Over-allotment Option, or acquire a sufficient number of Shares from other sources. Such stock borrowing arrangements may include arrangements agreed in principle between Oriental Patron and Ultra Challenge. Application has been made to the Stock Exchange for a waiver from the strict compliance with Rule 13.16 of the GEM Listing Rules which restricts the disposal of Shares by Ultra Challenge following 2 years from the date of listing of the Shares on GEM, in order to allow Ultra Challenge to enter into such stock borrowing arrangements. The waiver application is made on the basis that (1) such stock borrowing from Ultra Challenge will only be effected by Oriental Patron for settlement of over-allocation in connection with the Placing; (2) the maximum number of Shares borrowed from Ultra Challenge will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option; and (3) the same number of Shares will be returned to Ultra Challenge or his nominees (as the case may be) no later than three business days following the earlier of (i) the last day on which the Over-allotment Option may be exercised and (ii) the day on which the Over-allotment Option is exercised in full. Ultra Challenge will not receive any payment or benefit in respect of such stock borrowing arrangements. Any stock borrowing arrangements will be conducted in accordance with all applicable laws and regulatory requirements.

STRUCTURE OF THE PLACING

Details of the structure of the Placing, including conditions, see the section headed “Placing structure and expenses” on pages 102 to 105 of this prospectus.

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SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM by the Stock Exchange as well as the compliance with the stock admission requirements of Hongkong Clearing, the Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on GEM or on any other date Hongkong Clearing chooses.

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, 24th January, 2000.

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

The expected GEM stock code for the Shares is 8016.

The Company will not issue any temporary documents of title.

Dealings in the Shares on GEM will be effected by members of the Stock Exchange whose bid and offer quotations will be made available on the GEM website (<http://www.hkgem.com>) and the Stock Exchange's teletext page information system.

Settlement of transactions between members 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.

EXCHANGE RATE CONVERSION

For purposes of this prospectus, unless otherwise indicated, the following exchange rates have been used, where applicable, for purposes of illustration only and do not constitute a representation that any amounts have been, could have been or may be exchanged, at these or any other rates:

\$7.74 = US\$1.00

\$100 = RMB107