
STRUCTURE AND CONDITIONS OF THE PLACING

ISSUE PRICE

The Issue Price is HK\$1.2 per Share in cash plus 1 per cent. brokerage and a 0.01 per cent. Stock Exchange transaction levy thereon amounting to a total of HK\$2,424.24 per board lot of 2,000 Placing Shares.

CONDITIONS

Acceptance of all applications for the Placing 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 Stock Exchange; and
- (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by DBS Asia 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 22 October, 2000, being the date which is 30 days after the date of this prospectus.

THE PLACING

The Company is initially offering 60,000,000 Shares, for subscription by way of the Placing. The Placing is fully underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement.

The Underwriters are soliciting from professional, institutional and individual 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”. The Placing Shares are unlikely to be allocated to individual retail investors.

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 GEM. 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.

STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Placing, DBS Asia (acting on behalf of the Underwriters) may over-allocate Shares and may cover such over-allocation by means of exercising the Over-allotment Option or making open-market purchases in the secondary market. The number of Shares that may be over-allocated is no greater than the number of Shares that may be sold upon the full exercise of the Over-allotment Option, being 9,000,000 Shares, which is 15 per cent. of the Shares initially available under

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the Placing. DBS Asia (acting on behalf of the Underwriters) may also effect transactions which stabilise or maintain the market price of the Shares. 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. 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 DBS Asia.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the Underwriters 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 Issue Price of the securities.

In Hong Kong, such stabilisation activities are restricted to cases where underwriters genuinely purchase shares on the secondary market solely for the purpose of covering over-allocations in an offering. The stabilisation price will not exceed the Issue Price. The relevant provisions of the Securities Ordinance 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-allocations in connection with the Placing, DBS Asia may choose to borrow Shares from shareholders of the Company under stock borrowing arrangements prior to any exercise of the Over-allotment Option or the acquisition of a sufficient number of Shares from other sources.

An application has been made to the Stock Exchange for a waiver to be granted to Mr. Tse Ping and Conspicuous Group Limited from strict compliance with Rule 13.16 of the GEM Listing Rules which restricts the disposal of shares by initial management shareholders following a new listing, in order to allow Mr. Tse Ping and Conspicuous Group Limited to enter into such stock borrowing arrangement. Particulars of the waiver are contained in the section headed “Waivers from strict compliance with the GEM Listing Rules and the Companies Ordinance” in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on 29 September, 2000.

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

SHARES WILL BE ELIGIBLE FOR CCASS

If the GEM Listing Committee of the Stock Exchange grants the listing of and permission to deal in the Shares and the Company complies 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. 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 the necessary arrangements have been made for the Shares to be admitted into CCASS.