
STRUCTURE AND CONDITIONS OF THE PLACING

PRICE PAYABLE ON SUBSCRIPTION

Investors have to pay the Issue Price of HK\$0.50 plus 1 per cent. brokerage and a 0.01 per cent. Stock Exchange transaction levy, constituting a total of HK\$2,020.20 per board lot of 4,000 Shares.

PLACING

The Company is initially offering 340,000,000 New Shares for subscription and the Vendors are offering 85,000,000 Sale Shares for sale pursuant to the Placing. The Placing is fully underwritten by the Underwriters, subject to the terms and conditions of the Underwriting Agreement.

Pursuant to the Placing, the Underwriters or selling agents nominated by the Underwriters on behalf of the Company and the Vendors shall place the Placing Shares (comprising 340,000,000 New Shares and 85,000,000 Sale Shares) at the Issue Price payable by the subscribers and/or purchasers of the Placing Shares. The Placing Shares will be placed with professional, institutional investors and/or other investors anticipated to have a sizable demand for the Placing Shares in Hong Kong. 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.

The total number of Placing Shares to be allotted and issued pursuant to the Placing may change as a result of any exercise of the Over-allotment Option.

CONDITIONS OF THE PLACING

Acceptance of applications for the Placing Shares in the Placing is conditional upon:

1. the GEM Listing Committee granting listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Capitalisation Issue, the Placing and the exercise of the Over-allotment Option and any options under the Share Option Scheme; and
2. the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by CPY International on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting 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 30th July 2001.

OVER-ALLOTMENT OPTION

Pursuant to the Underwriting Agreement, the Company has granted to the Underwriters an Over-allotment Option which is exercisable by CPY International, with prior consent of the Company, on behalf of the Underwriters to require the Company to sell up to an aggregate of

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63,748,000 Shares (subject to adjustment) at any time and from time to time within 30 days from the date of this prospectus. These Over-allotment Shares shall represent approximately 15 per cent. of the number of Placing Shares initially offered under the Placing, at the Issue Price solely to cover over-allocation in the Placing, if any. In order to facilitate the settlement of over-allocations in connection with the Placing in an efficient manner, CPY International, the joint lead manager of the Placing, may choose to borrow Shares from Best Today, under the stock borrowing agreement prior to any exercise of the Over-allotment Option, or the acquisition of a sufficient number of Shares from other sources. Best Today will not receive any payment or benefit in respect of such stock borrowing arrangement. Pursuant to such stock borrowing arrangement, any Shares borrowed must be returned to Best Today and deposited with the escrow agent no later than three business days following the last date for exercising the Over-allotment Option, if, and only if the Over-allotment Option is not exercised. Any stock borrowing arrangement to be entered into will be conducted in accordance with all applicable laws and regulatory requirements. Please refer to the section headed “Waivers from compliance with certain provisions of the GEM Listing Rules” of this prospectus. In the event that the Over-allotment Option is exercised, an announcement will be made by the Company setting out the relevant details.

STABILISATION

In connection with the Placing, CPY International (on behalf of the Underwriters), with prior consent of the Company, may over-allocate up to an aggregate of 63,748,000 additional Shares (such over-allocations may be covered by exercising the Over-allotment Option in full or in part, at any time up to 30 days from the date of this prospectus or by stock borrowing or by purchasing Shares in the secondary market) and/or effect transactions which stabilise or maintain the market price of the Shares at levels other than those which might otherwise prevail but which are not higher than the Issue Price. Any such over-allocation purchase and/or transactions will be made in compliance with all applicable laws and regulatory requirements.

CPY International may also on behalf of the Underwriters 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 CPY International.

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 initial issue price of the securities. The stabilisation price to cover over-allocations will not exceed the initial issue price.

In Hong Kong, such stabilisation activities on the Stock Exchange are restricted to cases where the underwriters purchase shares in the secondary market genuinely and solely for the purpose of covering over-allocations in the relevant offer. Such transactions, if commenced, may be discontinued at any time. 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.

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COMMENCEMENT OF DEALINGS IN THE SHARES

Dealing of the Shares on the GEM is expected to commence on 9th July, 2001. Shares will be traded in board lots of 4,000 Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of, and permission to deal in, the Shares to be issued as described in this prospectus on the 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 the GEM or any other date Hongkong Clearing chooses. Settlement of transactions between participants of 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 the CCASS operational Procedures in effect from time to time.

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