
STRUCTURE OF THE PLACING

OFFER PRICE

The Offer Price will not be more than HK\$0.92 and is expected to be not less than HK\$0.62 per Placing Share although JS Cresvale (on behalf of the Underwriters) and the Company may agree to a lower price. Based on HK\$0.77 per Placing Share, being the mid-point of the indicative Offer Price range, plus 1 per cent. brokerage and 0.01 per cent. Stock Exchange transaction levy, one board lot of 4,000 Shares will amount to a total of HK\$3,111.11.

The Offer Price is expected to be fixed by agreement between JS Cresvale (on behalf of the Underwriters) and the Company on or before 1 February 2001. JS Cresvale, on behalf of the Underwriters, and the Company may reduce the Offer Price to an amount which is below the indicative Offer Price range stated in this prospectus (which is HK\$0.62 to HK\$0.92 per Placing Share) at any time prior to 1 February 2001. Notice of final amount of the Offer Price will be published on the GEM web-site not later than 2 February 2001. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offer statistics, as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of any reduction of the Offer Price. If JS Cresvale (on behalf of the Underwriters) and the Company are unable to reach agreement on the Offer Price, the Placing will not proceed.

PLACING

The Company is initially offering 70,000,000 Placing Shares by way of 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 shall place the Placing Shares at the Offer Price payable by the subscribers and/or purchasers of the Placing Shares. Investors subscribing for and/or purchasing the Placing Shares are also required to pay 1 per cent. brokerage and 0.01 per cent. Stock Exchange transaction levy. The Placing Shares will be placed with professional and institutional investors and other investors anticipated to have a sizeable demand for the Placing Shares in Hong Kong and other parts of Asia. 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 all applications for the Placing Shares will be conditional on:

1. the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein and the Shares to be issued pursuant to the Placing (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option); 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 JS Cresvale (on behalf of the Underwriters), and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise,

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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 28 February 2001, being the date which is 28 days after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be caused to be published by the Company on the GEM website on the next day following such lapse. In such eventuality, all application monies will be returned, without interest. The terms on which monies will be returned are set out in the placing letter in respect of the Placing.

OVER-ALLOTMENT OPTION

In connection with the Placing, the Company has granted the Over-allotment Option, exercisable by JS Cresvale at their sole and absolute discretion at any time and from time to time within 28 days from the date of this prospectus. Pursuant to the Over-allotment Option, the Company may be required to allot and issue up to an aggregate of 10,500,000 additional Shares (“Over-allotment Shares”), representing 15 per cent. of the number of Placing Shares initially being offered under the Placing, at the Offer Price solely to cover over-allocations in the Placing, if any. JS Cresvale may also cover such over-allocations in the Placing by a combination of (i) purchases in the secondary market; and/or (ii) exercise of the Over-allotment Option, either in part or in full. Any such secondary market purchases will be made in compliance with all applicable laws and regulatory requirements and the price of any such secondary market purchases shall not exceed the Offer Price. If the Over-allotment Option is exercised in full, the Over-allotment Shares will represent approximately 2.9 per cent. of the Company’s enlarged issued share capital following completion of the Placing and full exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made and the Over-allotment Shares will be allocated to investors at the sole discretion of JS Cresvale.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the GEM are expected to commence on 8 February 2001.

The Shares will be traded in board lots of 4,000 each.

SHARES WILL BE ELIGIBLE FOR CCASS

If the Stock Exchange grants the listing of and permission to deal in the Shares on the GEM 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 the 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. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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