

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' ASSUMPTION OF 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 Law, 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:

- (i) the information contained in this prospectus is accurate and complete in all material respects and is not misleading;
- (ii) there are no other matters the omission of which would make any statement in this prospectus misleading; and
- (iii) 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.

The Placing Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Placing to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by the Company, Rothschild, the Underwriters, any of their respective directors or any other person involved in the Placing.

UNDERWRITING

Fully underwritten

This prospectus is published solely in connection with the Placing which is sponsored by Rothschild. The Placing is fully underwritten by the Underwriters pursuant to the Placing Agreement. The obligations of the Underwriters to underwrite the Placing Shares are conditional on the fulfilment of certain conditions, including the signing of the Price Determination Agreement by the Company and ICEA at or prior to 5:00 p.m. on 7 May 2001 (or such later time as may be agreed by the Company and ICEA (on behalf of the Underwriters)). For further information relating to the underwriting arrangements, please see the section headed "Placing structure and expenses" in this prospectus.

Structure of the Placing

Details of the structure of the Placing, including conditions thereof, are set out in the section headed "Placing structure and expenses" in this prospectus.

Prospectus to be distributed in Hong Kong only

No action has been taken in any jurisdiction other than 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.

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The distribution of this prospectus and the offering or sale of the Placing Shares in certain jurisdictions is restricted by law, in particular, but without limitation, the following:

(i) United States

The Placing Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, or to, or for the account or benefit of, US persons.

The Placing Shares may not be offered or sold (i) as part of a distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Placing and the completion of the distribution of the Shares, within the United States or to, or for the account or benefit of, US persons, and the Underwriters will send to each dealer to which it sells Shares during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, US persons.

An offer or sale by any dealer of Shares within the United States (whether or not as part of the Placing) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such registration requirements.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this prospectus.

(ii) United Kingdom

This prospectus has not been approved by an authorised person in the United Kingdom and has not been registered with the Registrar of Companies in the United Kingdom. The Placing Shares may not be offered or sold in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended). In addition, no person may issue or pass on to any person in the United Kingdom any document received by it in connection with the Placing unless that person is of a kind described in Regulation 11(3) of the Financial Services Act 1986 (Investment advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed.

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(iii) Singapore

This prospectus has not been and will not be registered as a prospectus with the Registrar of Companies and Businesses in Singapore. Accordingly, this prospectus and any other document or material in connection with the offer of the Placing Shares may not be circulated or distributed in Singapore, either directly or indirectly, nor may any of the Placing Shares be offered or sold, whether directly or indirectly, nor may any invitation or offer to subscribe for or purchase any Placing Shares be made, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor or other person specified in Section 106C of the Singapore Companies Act, (b) to a sophisticated investor, and in accordance with the conditions specified in Section 106D of the Singapore Companies Act, or (c) otherwise pursuant to, and in accordance with, any other provision of the Singapore Companies Act.

(iv) Japan

The Placing has not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). None of the Placing Shares may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of the Securities and Exchange Law and in accordance with any other applicable requirements of Japanese Law. The offer and solicitation for the Placing Shares will only be made to not more than 49 investors in Japan pursuant to Article 2, paragraph 3, item 2(B) of the Securities and Exchange Law.

(v) Cayman Islands

No offer of Shares may be made to the public in the Cayman Islands.

Each person subscribing for or acquiring the Placing Shares will be required to, or deemed by this subscription or acquisition of Placing Shares to, confirm that he is aware of the restrictions on offers of the Placing Shares described in this prospectus.

Fixing of the Placing Price

The Placing Price will not be more than HK\$1.25 and is expected to be not less than HK\$1.15 per Placing Share. The Placing Price will be determined by the Company and ICEA (on behalf of the Underwriters) at or prior to 5:00 p.m. on 7 May 2001, or such later date and time as may be agreed by the Company and ICEA (on behalf of the Underwriters) but in any event not later than 9:00 a.m. on 23 May 2001. The Company and ICEA (on behalf of the Underwriters) may agree to a Placing Price of less than HK\$1.15 per Placing Share at any time prior to the relevant price determination time if, based on the level of interest expressed by prospective investors during the book building process, a reduction is considered appropriate. In such case, notice of the reduction in the indicative Placing Price will be published on the GEM website on the business day after such determination.

If, for any reason, the Placing Price is not determined at or prior to 5:00 p.m. on 7 May 2001, the expected timetable will be postponed, but in any event, the commencement of dealings in the Shares on GEM will not be later than 25 May 2001. In the event the expected listing timetable is required to be postponed as a result of the Placing Price not

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being determined at or prior to 5:00 p.m. on 7 May 2001, an announcement will be published on the GEM website at “www.hkgem.com” on 8 May 2001.

If, for any reason, the Placing Price is not agreed to between the Company and ICEA (on behalf of the Underwriters) at or prior to 9:00 a.m. on 23 May 2001, 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) and any Shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme on GEM.

No part of the Company’s share or loan capital is listed on or dealt in on the Main Board or any other stock exchange. At present, the Company is not seeking or proposing to seek listing or permission to deal in any of its securities on the Main Board or any other stock exchange.

MARKET CAPITALISATION AND PUBLIC FLOAT

The market capitalisation of the Company on the date and at the time when dealings in the Shares commence is estimated to be HK\$690 million based on 600,000,000 Shares in issue and to be issued (assuming the Over-allotment Option is not exercised) pursuant to the Placing and the expected minimum Placing Price of HK\$1.15 per Share.

Pursuant to Rule 11.23(1) of the GEM Listing Rules, at the time of listing and at all times thereafter, the Company must maintain the “minimum prescribed percentage” of its issued share capital in the hands of the public which, in the case of the Company, is 20%.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the tax 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, Rothschild, the Underwriters, their respective directors or any other person involved in the Placing accepts responsibility for any tax effects on, or liabilities of, holders of the Shares resulting from the subscription for, holding, purchase or disposal of or dealing in or exercise of any rights relating to the Shares.

REGISTRATION AND STAMP DUTY

All Shares in issue and to be traded on GEM must be registered on the Company’s Hong Kong branch register of members to be maintained by Central Registration Hong Kong Limited. The Company’s principal register of members will be maintained by Bank of Butterfield International (Cayman) Ltd. in the Cayman Islands.

Only Shares registered in the Company’s Hong Kong branch register of members may be traded on GEM. Dealings in Shares registered on the register of members kept by the Company’s Hong Kong branch share registrar will be subject to Hong Kong stamp duty.

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STABILISATION AND OVER ALLOCATION

In connection with the Placing, ICEA (on behalf of the Underwriters) may over-allocate Shares and may cover such over-allocations by exercising the Over-allotment Option no later than 30 days after the date of this prospectus, by stock borrowing or by making open market purchases 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 27,000,000 Shares, which is 15% of the Shares available under the Placing. ICEA (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 stabilisation, if begun, 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 ICEA.

Stabilisation is a practice used by securities practitioners in some markets to facilitate the distribution of securities. To stabilise, the securities practitioners may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to delay and, if possible, prevent a decline in the initial public offering price of the securities. The stabilisation price shall not exceed the Placing Price.

Stabilisation is not a practice commonly associated with the distribution of securities in Hong Kong. In Hong Kong, such stabilisation activities on the Stock Exchange are restricted to cases where securities practitioners genuinely purchase shares on the secondary market solely for the purpose of covering over-allocations in an offering. 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-allocations in connection with the Placing, ICEA (on behalf of the Underwriters) may either borrow Shares from Easywin 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 Easywin and ICEA. An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 13.16 of the GEM Listing Rules which restricts the disposal of Shares by Easywin following a new listing in order to allow Easywin to enter into such stock borrowing arrangements. Please refer to the paragraph headed “Waiver from compliance with the GEM Listing Rules – Stock borrowing arrangement” in this prospectus for details of such waiver application. Easywin will not receive any payment or benefit in respect of such stock borrowing arrangements. Any stock borrowing arrangement will be conducted in accordance with all applicable legal and regulatory requirements.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on 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 effective from the date of commencement of dealings in the Shares on GEM or on any other date Hongkong Clearing chooses.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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All necessary arrangements have been made for the Shares in issue, the Shares which are to be issued pursuant to the Placing and the Shares which may fall to be issued upon the exercise of the Over-allotment Option and of options which may be granted under the Share Option Scheme to be admitted into CCASS.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence on 10 May 2001.

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

Dealings in the Shares on GEM will be effected by participants of the Stock Exchange whose bid and offer quotations will be made available on the Stock Exchange's teletext page information system.

Delivery and payment for Shares dealt on GEM will be effected two trading days following the transaction date ("T+2"). Dealings in Shares on GEM are settled by physical delivery of share certificates against payment with a valid instrument of transfer and bought and sold notes correctly stamped in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) or via CCASS. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on T+2. Only certificates for Shares registered on the Hong Kong branch share register of members will be valid for delivery in respect of transactions effected on GEM.

If you are uncertain about the procedures for dealings and settlement arrangements on GEM and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.