PRICE PAYABLE ON SUBSCRIPTION

The Offer Price is HK$0.50 per Placing Share. In addition to the Offer Price, applicants will be required to pay a brokerage fee at the rate of 1% of the Offer Price, a Stock Exchange trading fee of 0.005% of the Offer Price and SFC transaction levy of 0.007% of the Offer Price and an amount representing buyer's ad valorem duty of 0.1% of the Offer Price applicable to the number of Sale Shares allocated to successful applicants. For this purpose, 29.84% of the Shares allocated to each applicant will be treated as being Sale Shares and accordingly, the effective rate of buyer's ad valorem stamp duty, when expressed by reference to all Shares allocated to each applicant will be 29.84% of 0.1% of the Offer Price (ie 0.02984% of the Offer Price).

THE PLACING

The Placing comprises 105,240,000 New Shares offered by the Company for subscription and 44,760,000 Sale Shares offered by the Vendor for sale. The Placing is fully underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement. Pursuant to the Placing, the Placing Shares will be conditionally placed to professional, institutional and private investors by the Underwriters or through selling agents appointed by them at the Offer Price.

Allocation of Placing Shares to professional, institutional and other investors 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 Shares, 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 will lead to the establishment of a broad shareholder base to the benefit of the Group and its shareholders as a whole.

CONDITIONS OF THE PLACING

The Placing is conditional upon:

(i) the GEM Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by 21st December, 2001 (or such later date as the Sponsor on behalf of the Lead Manager and the Underwriters may agree in writing); and

(ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional, and not being terminated, on or before 5:00 p.m. on the day immediately preceding the Listing Date in accordance with its terms or otherwise.

If the above conditions are not fulfilled or where applicable, waived by the Lead Manager on behalf of the Underwriters, the Placing will lapse. Notice of the lapse of the Placing will be published on the GEM website on the next day following such lapse.

Over-allotment Option

In connection with the Placing, the Lead Manager may over-allocate Shares and may cover such over-allocations by exercising the Over-allotment Option from the date of this prospectus up to 4:00 p.m. on 16th January 2002, by stock borrowing arrangements with the Vendor or by 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 22,500,000 Shares, which is 15% of the Shares initially available under the Placing. The Lead Manager 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 at the absolute discretion of the Lead Manager.

In order to facilitate settlement of over-allocations in connection with the Placing, the Stock Borrowing Agreement has been entered into between the Lead Manager and the Vendor.

Pursuant to the Stock Borrowing Agreement, the Vendor has agreed that, if so requested by the Lead Manager, the Vendor will lend to the Lead Manager up to 22,500,000 Shares on the following terms:

(i) the borrowed Shares will only be used to settle over-allocations in the Placing; and

(ii) the same number of Shares must be returned to the Vendor and be placed in escrow, not later than three business days following the earlier of (a) the date on which the Over-allotment Option is exercised in full and (b) the last day on which the Over-allotment Option may be exercised and redeposited with an escrow agent as soon as practicable.

The Vendor will not receive any payment or benefit in respect of such stock borrowing arrangement. Any stock borrowing arrangement will be conducted in accordance with all applicable legal and regulatory requirements. The Lead Manager may also cover over-allocations under the Placing by, among other means, purchasing Shares in the secondary market or by a combination of purchases in secondary market and 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, rules and regulations.

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 retard and, if possible, prevent a decline in the initial public offer price of the securities. The stabilisation price shall not exceed the Offer 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.