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## STRUCTURE AND CONDITIONS OF THE PLACING

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### PRICE PAYABLE ON APPLICATION

The Issue Price per Placing Share plus 1% brokerage, 0.007% SFC transaction levy and 0.005% Stock Exchange trading fee will be payable on application.

### CONDITIONS OF THE PLACING

The Placing is conditional on:

- (a) the GEM Listing Committee granting listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned in this prospectus by 5 December 2001; and
- (b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional which requires, among other things, (i) the fixing of the Issue Price by an agreement between the Company and SBI E2-Securities (on behalf of the Joint Lead Managers and the Underwriters) on 28 November 2001 (or any other time not later than 9:30 p.m. on 2 December 2001 as may be agreed between the Company and SBI E2-Capital Securities (on behalf of the Joint Lead Managers and the Underwriters)); and (ii) the obligations under the Underwriting Agreement not being terminated in accordance with its terms or otherwise.

If the above conditions are not fulfilled (or, where applicable, waived by the Joint Lead Managers (on behalf of the Underwriters)) at the respective times stated, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the GEM website on the next day following such lapse.

### THE PLACING

The Company is offering 138,200,000 Shares for subscription under the Placing. Pursuant to the Placing, 138,200,000 Placing Shares will be conditionally placed to professional, institutional and private investors by the Underwriters or through selling agents appointed by them at the Issue Price.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of Placing Shares to professional, institutional and private 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 the Shareholders as a whole.

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### OVER-ALLOTMENT OPTION

Pursuant to the Underwriting Agreement, the Company has granted to SBI E2-Capital Securities, exercisable by SBI E2-Capital Securities the Over-allotment Option no earlier than the date of this prospectus but before 4:00 p.m. on 24 December 2001 under which SBI E2-Capital Securities will have the right but not the obligation to require the Company to issue up to 20,730,000 additional Shares, representing 15% of the Shares offered for subscription under the Placing. These Shares will be issued at the Issue Price. In connection with the Placing, SBI E2-Capital Securities may over-allocate Shares and may cover any over-allocation by exercising the Over-allotment Option, stock borrowing or making purchase of Shares in the secondary market or otherwise as may be permitted under applicable laws and regulatory requirements of Hong Kong or elsewhere.

In order to facilitate settlement of over-allocations in connection with the Placing, the Stock Borrowing Agreement has been entered into between SBI E2-Capital Securities and Team Drive. Pursuant to the Stock Borrowing Agreement, Team Drive has agreed that, if so requested by SBI E-2 Capital Securities, it will lend to SBI E2-Capital Securities up to 20,730,000 Shares on the following terms:

- (i) the borrowed Shares will only be used to settle over-allocations under the Placing; and
- (ii) the same number of Shares must be returned to Team Drive and redeposited with the escrow agent, no later than three business days following the earlier of (a) the day on which the Over-allotment Option is exercised in full; or (b) the last day on which the Over-allotment Option may be exercised.

SBI E2-Capital Securities may also cover the over-allocations in the Placing by, among other means, purchasing Shares in the secondary market, exercising the Over-allotment Option, or by a combination of purchases in the secondary market and exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the Placing Shares will represent 27.71% of the enlarged issued share capital of the Company immediately after the completion of the Placing, the Capitalisation Issue and the exercise of the Over-allotment Option (without taking into account the exercise of options granted or to be granted under the Share Option Schemes). In the event that the Over-allotment Option is exercised, an announcement will be made on the GEM Website.

### STABILISATION

In connection with the Placing, the Joint Lead Managers (on behalf of the Underwriters) may effect transactions which stabilise or maintain the market price of the Shares at levels other than those which might otherwise prevail in the open market, but which are not higher than the Issue Price. Such transactions may be effected in any jurisdiction where it is lawful to do so, in each case in compliance with all applicable laws and regulatory requirements. Such transaction, if commenced, may be discontinued at any time.

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Stabilisation is a practice not 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 underwriters purchase shares in the secondary market genuinely and solely for the purpose of covering over-allocations in the Placing. 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 Hong Kong, the stabilisation price will not exceed the Issue Price.

### **FIXING OF THE PLACING PRICE**

The Issue Price is expected to be not more than HK\$0.25 and not less than HK\$0.23 per Share. The Issue Price will be determined by the Company and SBI E2-Capital Securities (on behalf of the Joint Lead Managers and the Underwriters) at or prior to 28 November 2001, or such later date and time as may be agreed by the Company and SBI E2-Capital Securities (on behalf of the Joint Lead Managers and the Underwriters) but in any event not later than 9:30 p.m. on 2 December 2001. The Company and SBI E2-Capital Securities (on behalf of the Joint Lead Managers and the Underwriters) may agree to an Issue Price of less than HK\$0.23 per 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 Issue Price will be published on the GEM website on the business day after such determination.

**If, for any reason, the Issue Price is not agreed between the Company and SBI E2-Capital Securities (on behalf of the Joint Lead Managers and the Underwriters) at or prior to the relevant price determination time, the Placing will lapse.**