
STRUCTURE AND CONDITIONS OF THE PLACING

PRICE PAYABLE ON SUBSCRIPTION

The Placing Price of HK\$11.00 per Placing Share plus 1% brokerage and 0.01% Stock Exchange transaction levy amounting to a total of HK\$2,222.22 for each board lot of 200 Placing Shares.

CONDITIONS OF THE PLACING

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

(a) Listing

The GEM Listing Committee granting listing of and permission to deal in all the H Shares in issue and to be issued as mentioned herein; and

(b) Placing and Underwriting Agreement

The obligations of the Placing Underwriters under the Placing and Underwriting Agreement becoming unconditional which requires, amongst other conditions, the Placing and Underwriting Agreement not being terminated in accordance with its terms or otherwise prior to 10:00 a.m. on 26th July, 2000 (or such later date as Tai Fook Securities on behalf of the Placing Underwriters may agree in writing with the Company).

If these conditions are not fulfilled (or, where applicable, waived by Tai Fook Securities on behalf of the Placing Underwriters) on or before 19th August, 2000 (or such later date as Tai Fook Securities on behalf of the Placing Underwriters, may agree in writing with the Company), 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 24,000,000 Placing Shares for subscription by way of the Placing. The Placing is fully underwritten by the Placing Underwriters subject to the terms and conditions of the Placing and Underwriting Agreement.

All Placing Shares will be available for subscription by professional, institutional and other investors. It is expected that the Placing Underwriters or selling agents nominated by them will conditionally place the Placing Shares on behalf of the Company at the Placing Price with professional, institutional and other investors. Professional, institutional and other investors generally include high net worth individuals, brokers, dealers, companies and fund managers, whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

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Allocation of the Placing Shares pursuant to the Placing will be 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 H Shares or hold or sell its H Shares, after the listing of the H Shares on GEM. Such allocation is generally intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a broad shareholder base for the benefit of the Company and its shareholders taken as a whole.

Over-allotment Option

In connection with the Placing, the Company has granted the Over-allotment Option to the Placing Underwriters, exercisable by Tai Fook Securities on behalf of the Placing Underwriters, at any time and from time to time within 30 days from the date of this prospectus. Pursuant to the Over-allotment Option, the Company may be required to allot and issue, at the Placing Price, up to an additional 2,400,000 H Shares, representing approximately 10% of the number of the H Shares initially being offered under the Placing, solely to cover over-allocations in the Placing, if any. Tai Fook Securities may also cover 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 purchase 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 Placing Price. If the Over-allotment Option is exercised in full, the H Shares to be issued pursuant thereto will represent approximately 27.39% 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, a press announcement will be made by the Company. The Placing Underwriters or any one or more of them, as the case may be, will also receive a commission of 3.5% of the Placing Price of the Over-allotment Option.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the H Shares on GEM are expected to commence on 27th July, 2000.

The H Shares will be traded in board lots of 200 each.

H SHARES WILL BE ELIGIBLE FOR CCASS

If the Stock Exchange grants the listing of and permission to deal in the H Shares on GEM and the Company complies with the stock admission requirements of Hongkong Clearing, the H Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Shares on GEM or on any other date as determined by Hongkong Clearing. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect their rights and interests.

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

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