
STRUCTURE OF THE PLACING

CONDITIONS OF THE PLACING

The Placing will be conditional on:

- 1 the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue 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-allocation Option by which up to 7,500,000 existing Shares are to be sold by Noble Class Group Limited to the Underwriters); 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 CPY International, on behalf of the Underwriters) and not being terminated in accordance with the terms of that agreement or otherwise,

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 10th September, being the date which is 30 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 in the GEM website on the next day following such lapse.

PREFERENCE TO EMPLOYEES UNDER THE PLACING

A maximum of 5,000,000 Shares, being 10% of the initial number of Shares comprised in the Placing, are available for allocation to full-time employees of the Group (excluding the Directors and their associates) on a preferential basis at the Placing Price.

OVER-ALLOCATION

In connection with the Placing, Noble Class Group Limited has granted the Over-allocation Option to the Underwriters, exercisable by CPY International, on behalf of the Underwriters, at any time and from time to time within 30 days from the date of this prospectus. Pursuant to the Over-allocation Option, Noble Class Group Limited may be required to sell, at the Placing Price, up to 7,500,000 existing Shares, representing a total of 15% of the number of the 50,000,000 Shares initially being offered under the Placing, solely to cover over-allocations in the Placing, if any. CPY International 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-allocation 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. In the event that the Over-allocation Option is exercised, a press announcement will be made.

STABILISATION

In connection with the Placing, CPY International, on behalf of the Underwriters, may over-allocate Shares and may cover such over-allocations by means of exercising the Over-allocation Option by which up to 7,500,000 existing Shares are to be sold by Noble Class Group Limited to the Underwriters no later than 30 days after the date of this prospectus or making open-market purchases in the secondary market. The number of Shares that may be over-allocated is no greater than the number of Shares that may be sold upon the full exercise of the Over-allocation Option, being

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7,500,000 Shares, which is 15% of the Shares initially available under the Placing. CPY International may also, on behalf of the Underwriters, 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. Should stabilising transactions be effected in connection with the distribution of Shares, they will be done at the absolute discretion of CPY International.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters 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 Placing Price of the securities. The stabilisation price will not exceed the Placing Price.

In Hong Kong, such stabilisation activities are restricted to cases where underwriters 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 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 CPY International may choose to borrow Shares from shareholders of the Company under stock borrowing arrangements prior to any exercise of the Over-allocation Option, or the acquisition of a sufficient number of Shares from other sources. Such stock borrowing arrangements may include arrangements agreed between CPY International or its affiliated entities and Noble Class Group Limited, the substantial and initial management shareholder of the Company.

An application has been made to the Stock Exchange for a waiver to be granted to Noble Class Group Limited from strict compliance with Rule 13.16 of the GEM Listing Rules which restricts the disposal of shares by initial management shareholders following a new listing, in order to allow it to enter into such stock borrowing arrangements. The Stock Exchange has indicated that the waiver will be granted subject to the condition that:

- (1) such stock borrowing arrangement with Noble Class Group Limited will only be effected by the Underwriters for settlement of over-allocations in connection with the Placing;
- (2) the maximum number of Shares borrowed from Noble Class Group Limited will be limited to the maximum number of 7,500,000 Shares which may be placed upon exercise of the Over-allocation Option; and
- (3) up to 7,500,000 Shares will be returned to Noble Class Group Limited (subject to the offset arrangement as mentioned below) no later than 3 business days following the earlier of (i) the last day on which the Over-allocation Option may be exercised or (ii) the day on which the Over-allocation Option is exercised in full.

Such stock borrowing arrangement will be effected in compliance with all applicable laws and regulatory requirements. No payments will be made to Noble Class Group Limited by the Underwriters in relation to such stock borrowing arrangement. In the event that CPY International (on behalf of the Underwriters) exercises the Over-allocation Option, such Shares received by CPY International pursuant to the exercise of the Over-allocation Option will be used to offset against the Shares owed by CPY International to Noble Class Group Limited, if any.

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The Company is initially offering 37,500,000 new Shares for subscription and the Vendors are offering an aggregate of 12,500,000 existing Shares for sale with an Over-allocation Option of up to 7,500,000 existing Shares granted by Noble Class Group Limited for sale 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, it is expected that the Underwriters or agents nominated by the Underwriters on behalf of the Company shall place the Placing Shares at the Placing Price payable by the subscribers of the Placing Shares. Investors subscribing for or purchasing the Placing Shares are also required to pay 1% brokerage and a 0.01% Stock Exchange transaction levy. 5,000,000 Shares, representing 10% of the total number of the Shares initially being offered under the Placing, will be available for application by full-time employees of the Group. The balance of 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. 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.

All decisions concerning the allocation of Placing Shares to prospective placees pursuant to the Placing will be made on the basis of and by reference to a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell the Placing Shares, after the listing of the Shares on GEM. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of the Company and its shareholders as a whole. In addition, the Directors and Core Pacific - Yamaichi will observe the minimum public float requirement under the GEM Listing Rules when making allocations of the Placing Shares to investors who are anticipated to have a sizeable demand for such Shares.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on 17th August, 2000.

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

SHARES WILL BE ELIGIBLE FOR CCASS

If the GEM Listing Committee of the Stock Exchange grants the listing of and permission to deal in the Shares 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 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.

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