

## USE OF PROCEEDS

### REASONS FOR THE INTERNATIONAL OFFERING AND USE OF PROCEEDS

At the Offer Price of HK\$1.63 per Share (being the low-end of the Offer Price range stated in this prospectus) and at the Offer Price of HK\$2.35 per Share (being the high-end of the Offer Price range stated in this prospectus) and assuming no exercise of the Over-allotment Option, the estimated net proceeds from the Public Offer to be received by the Company after deducting underwriting fees and related expenses are approximately HK\$243.5 million and HK\$355.8 million respectively, which is intended to be applied in the following manner:

<b>Future plans</b> ( <i>HK\$ million</i> )	<b>Based on an offer price of HK\$1.63 per Share</b>	<b>Based on an offer price of HK\$2.35 per Share</b>
<b>Enhancement of production facilities in various divisions of the Group (75%)</b>	<b>182.5</b>	<b>266.8</b>
— acquisition of additional plastic moulding equipments (36%) Monthly production capacity is expected to increase from current 23.5 million pieces to 30-35 million pieces	87.6	128.0
— acquisition of additional pressing equipments (13%) Monthly production capacity is expected to increase from current 28 million pieces to 35-40 million pieces	31.6	46.3
— acquisition of additional mould design and manufacture equipments (16%) Monthly production capacity is expected to increase from current 80 sets to 100 — 120 sets or above	38.9	56.9
— acquisition of additional painting equipments (5%) Monthly production capacity is expected to increase from current 7 million pieces to 10 million pieces or above	12.2	17.8
— acquisition of additional assembly equipments and miscellaneous equipments (5%)	12.2	17.8
<b>Purchase of quality control equipment to meet the requirements of international customers (10%)</b>	<b>24.4</b>	<b>35.6</b>
<b>Introduction of computerized systems to enhance management efficiency and integration of resources (5%)</b>	<b>12.2</b>	<b>17.8</b>
<b>Working capital and other general uses (10%)</b>	<b>24.4</b>	<b>35.6</b>
<b>Total (100%)</b>	<b>243.5</b>	<b>355.8</b>

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Should the Over-allotment Option be exercised in full and assuming an Offer Price of HK\$1.99 (being the mid-point of the Offer Price range stated in this prospectus), the Company will receive additional net proceeds of approximately HK\$58.2 million (US\$7.50 million). The Company intends to use such additional net proceeds in accordance with the aforesaid proportions.

To the extent that the net proceeds are not sufficient for funding the uses set forth above, the Company intends to fund the balance through a variety of means including cash generated from its operations and bank financing. The Company currently believes that the net proceeds from the International Offering, when combined with such alternate sources of financing, are sufficient for the uses set forth above. To the extent that the net proceeds of the International Offering are higher than the above, the Group will use the additional net proceeds as general working capital.