

RESTRUCTURING PROPOSAL

The Company issued a circular on 29th September 2001, which includes, among other things, a reduction of nominal value of all the issued capital of the Company from HK\$0.01 each to HK\$0.0002 each and the consolidation of 50 of the then adjusted shares into one new shares (the “New Shares”) of the Company. The Company also announced on 15th February 2002 that the Company had entered into a subscription agreement with Trade Honour Limited (the “Subscriber”) and Mr Ke Jun Xiang (the “Guarantor”) pursuant to which the Subscriber had conditionally agreed to subscribe for 3,500,000,000 New Shares of the Company for a subscription price of HK\$ 0.01 per New Shares for an aggregate amount of HK\$ 35,000,000. The proceeds from the subscription will be utilised to settle the amount required for a propose scheme of arrangement (the “Scheme”) of the creditor of the Company. The Scheme includes, among other things, settlement of existing indebtedness of the Company by the issue of New Shares at an issue price of HK\$0.05 each or by the payment of cash at a ratio of approximately 13.88% for each dollars owed by the Company. The details of the Restructuring Proposal will be include in a composite document and will be issued to the shareholders of the Company in due course.