

USE OF PROCEEDS

The Group raised approximately HK\$25.5 million net of related expenses from the issue of 72 million new shares in connection with the listing of the Company's shares on the Stock Exchange on 12 April 2001. As of 30 September 2001, the net proceeds have been applied as follows:

- approximately HK\$3 million as fixed deposit to secure general banking facilities granted to the Group;
- approximately HK\$2.5 million as general working capital of the Group.

As the existing production capacity of the Group can still satisfy the current production requirements, the Group has postponed the acquisition of additional production machines for its production facilities. The Group has placed the unused balance of the net proceeds with licensed banks in Hong Kong, which will be applied for the intended uses as set out in the Company's prospectus dated 30 March 2001.