
USE OF PROCEEDS

USE OF PROCEEDS

The Directors believe that the listing of the Shares will enhance the Group's profile and will provide funding for the Group's expansion in the environmental protection industry. The net proceeds from the Placing (assuming that the Over-allotment Option is not exercised) after deducting the relevant expenses payable by the Company in relation to the Placing are estimated to be approximately HK\$23.8 million based on the minimum point of the stated price range of HK\$0.23 per Share. If the Over-allotment Option, which comprises 20,730,000 new Shares to be issued by the Company, is exercised in full, the net proceeds from the Placing will be approximately HK\$28.6 million based on the minimum point of the stated price range of HK\$0.23 per Share. The Company intends to apply the net proceeds from the Placing as follows:

- as to approximately HK\$2.0 million, for promotion and marketing activities of *Eco-Trap* in Hong Kong and the PRC;
- as to approximately HK\$1.8 million, for the development of the diesel oxidation catalyst for diesel heavy vehicles with gross weight over 4 tonnes and for the diesel engine driven machinery;
- as to approximately HK\$1.0 million, for the development of the hydraulic filters for industrial use;
- as to approximately HK\$4.0 million, for the development of the Group's soundproof barrier;
- as to approximately HK\$1.0 million, for the research and development of the proposed waste plastic recycling process;
- as to approximately HK\$7.0 million, for setting up of the Group's production facilities in the PRC; and
- the balance of approximately HK\$7.0 million, as general working capital of the Group.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK\$4.8 million based on the minimum point of the stated price range of HK\$0.23 per Share will be applied by the Company as general working capital of the Group to support its ongoing operations and expansion.

Should there be any material modification to the use of proceeds as set out above, the Company will make an announcement to such effect.

USE OF PROCEEDS

To the extent that the net proceeds of the Placing are not immediately required for the above purposes, it is the present intention of the Directors that they will be placed on short term deposits with financial institutions in Hong Kong.

If the Issue Price is above HK\$0.23 per Share, the net proceeds will be increased and the amount to be used as general working capital will be increased accordingly.

In the event that any part of the business plans of the Group does not materialise or proceeds as planned, the Directors will evaluate carefully the situation and may reallocate the intended funding to other business plans and/or to new projects of the Group and/or to hold the funds as short term deposits so long as the Directors consider to be in the best interests of the Company and its shareholders taken as a whole.