
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section entitled “Business — Our Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an offer price of HK\$5.10 per Offer Share, which is the mid-point of the indicative Offer Price range, and assuming that the Over-Allotment Option is not exercised, the net proceeds to our Company from the issue of the Offer Shares, after deducting underwriting commissions and fees (taking no account of any discretionary fee) and estimated expenses payable by our Company is HK\$950.7 million.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set below:

- Approximately 35.0%, or HK\$332.7 million is expected to be used primarily for costs relating to research and development of new products and services including purchases of materials, consulting fees, product testing fees, purchases of equipment and staff salaries. We expect that of this amount:
 - (i) approximately 13.0%, or HK\$123.6 million is expected to be used for developing a smart card application platform to enhance the functionality of our Smart Cards;
 - (ii) approximately 5.9%, or HK\$56.1 million is expected to be used for developing new payment platforms and applications;
 - (iii) approximately 2.9%, or HK\$27.6 million is expected to be used for developing a data task system for personalisation services;
 - (iv) approximately 2.0%, or HK\$19.0 million is expected to be used for establishing our integrated research and development centre and facilities;
 - (v) approximately 0.9%, or HK\$8.5 million is expected to be used for develop enhanced security features; and
 - (vi) approximately 10.3%, or HK\$97.9 million is expected to be used for acquiring equipment and facilities for our research and development projects and initiatives.
- Approximately 35.0%, or HK\$332.7 million, is expected to be used primarily for expansion to our production facilities, upgrades and other improvements to our existing card production and personalisation service facilities, including approximately 34%, or HK\$323.2 million, for the Zhuhai plant, and approximately 1.0%, or HK\$9.5 million, for the Shanghai plant.
- Approximately 10.0%, or HK\$95.1 million, is expected to be used for finance future strategic alliances with complementary companies by way of either joint ventures or acquisitions.
- Approximately 10.0%, or HK\$95.1 million, is expected to be used for further strengthen our presence in the existing markets outside of the PRC.
- Approximately 10.0%, or HK\$95.1 million, is expected to be used for working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at the high-end or low-end of the proposed offer price range, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will increase or decrease by approximately HK\$110.4 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$1,097.5 million, assuming an Offer Price of HK\$5.10 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase or decrease by approximately HK\$127.0 million, respectively. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes, it is our present intention that such net proceeds will be deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.