
USE OF PROCEEDS

The Selling Shareholder will receive all of the net proceeds of the Global Offering (after deduction of commissions and estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$4.20 per Offer Share being the maximum Offer Price), which are estimated to be approximately HK\$788 million (or approximately HK\$909 million, if the Over-allotment Option is exercised in full).

The Company is not issuing any new Shares in the Global Offering and will not receive any of the net proceeds of the Global Offering. As at 31 December 2003, the Group had cash and cash equivalents, representing bank balances and cash, amounting to approximately US\$8.9 million. In the three years ended 31 December 2003, our net cash from operating activities amounted to approximately US\$1.5 million, US\$9.4 million and US\$12.9 million respectively. We expect to receive US\$10 million or the HK\$ equivalent in cash from NTE Inc. on the date on which the Shares commence trading on the Stock Exchange, for net settlement of balances with other members of the NTE Group as a result of the Reorganisation. Based on our past experience in strong cashflow generated from our operating activities and growth, we expect to sustain our strong cash inflow from operating activities. In addition, the Group has negligible bank borrowings. However, the Group may in the future employ bank borrowings if necessary. On the basis of our existing cash reserves, our strong cash inflow from operating activities and lack of gearing, the Directors are of the opinion that the Company currently does not require additional finance from the issue of new Shares. However, the Directors will consider from time to time the capital structure and funding requirements of the Group.