
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Strengthening of R&D team

The Directors consider that it is important to further strengthen the Group's R&D team, especially in the application development and industrial design and mechanical design teams. The Group plans to recruit additional professionals to join its R&D team and provides training to improve the R&D team's technical know-now. It is the Group's strategy to focus on a few core areas of mobile handset application development.

Development of 3G technologies and applications

The Directors believe that the official launch of the 3G mobile handset may increase the demand for the 3G mobile handset and module in the PRC. The Group intends to invest in research on the application of 3G technologies and solutions in order to capture the potential opportunities of the rising demand for 3G mobile handset and module especially in the multi-functions mobile handset.

Strengthening of the brand awareness of "VIM" or in Chinese "偉恩"

It is the intention of the Group to strengthen the brand awareness of "VIM" or in Chinese "偉恩" in the mobile handset market in the PRC in order to position the Group's strong industrial design of mobile handset with fashionable and trendy styles. Therefore, the Group intends to expand its distribution network in the PRC by entering into distribution agreements with major retail chain stores in the PRC in major cities of the PRC.

In view of the challenging year 2008 caused by the financial crisis which led to the drop of the Group's profitability in the financial year ended 31 March 2009 and the six months ended 30 September 2009, the Directors consider that the above business strategies and future plans may (i) attract different types of new customers by increasing the product mix of the Group; (ii) increase the sales of mobile handset under the brand name of the Group "VIM" or in Chinese "偉恩" by continuous working and promotion and raising the market awareness of "VIM" or in Chinese "偉恩"; and (iii) maintain and foster close business relationship with existing customers by the Group's reliable research and development capability and quality of its products. By adopting the business strategies and future plans mentioned above, the Directors are optimistic about the prospects of the Group and shall use their best endeavors to improve the profitability of the Group in order to facilitate a turnaround in the business performance of the Group.

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USE OF PROCEEDS

The gross proceeds from the Share Offer attributed to the Group will be approximately HK\$156 million and the net proceeds from the Share Offer, after deducting underwriting fees and estimated total expenses paid and payable by the Group in connection thereto, are estimated to be approximately HK\$147 million and calculated based on an Offer Price of HK\$2.00 per Share, being the medium of the proposed Offer Price ranged from HK\$1.70 to HK\$2.29 per Share. The Group intends to use such proceeds as follows:

1. Approximately HK\$13 million to recruit additional professionals to join its R&D team and to improve the R&D team's equipment.
2. Approximately HK\$60 million to invest in research on the application and solutions of 3G technologies and operating platform of mobile handset in order to capture the potential opportunities of the rising demand for 3G mobile handset and module especially in the multi-functions mobile handset.
3. Approximately HK\$60 million to strengthen the brand awareness of “*VIM*” or in Chinese “*偉恩*” in the mobile handset market in the PRC in order to position the Group's strong industrial design of mobile handset with fashionable and trendy styles and to expand the distribution network and sales channel of the Group in the PRC.
4. The balance to be used for working capital and other general corporate purpose.

If the Offer Price is set at the high-end or low-end of the proposed offer price range, the net proceeds of the Share Offer will increase or decrease by approximately HK\$23 million, respectively. In such regards, the Group will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

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

The net proceeds from the Sale Shares will not contribute to the Group and will be attributable to Ms. Wang Tao are estimated to be approximately HK\$70 million and calculated based on an Offer Price of HK\$2.00 per Share, being the medium of the proposed Offer Price ranged from HK\$1.70 to HK\$2.29 per Share.