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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

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

### PROPOSED USE OF NET PROCEEDS FROM THE ISSUE OF NEW SHARES

We estimate that the aggregate net proceeds from the issue of new Shares (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK\$3.375 per Share, being the mid-point of the proposed Offer Price range of HK\$2.85 to HK\$3.90 per Share, will be approximately HK\$581.6 million. We currently intend to apply these net proceeds for the following purposes:

- approximately HK\$261.7 million, or approximately 45%, for acquisitions or investments primarily related to our Turnkey Solutions and Specialized Solutions and, to a lesser degree, related to our VA Services businesses. With respect to our Turnkey Solutions business, we plan to selectively pursue acquisitions or investments that would allow us to broaden our geographical footprint in the expressway Turnkey Solutions and potentially the urban traffic segments in developed regions in the East and South. With respect to our Specialized Solutions business, although our acquisition or investment strategy may differ slightly among the expressway, railway and urban traffic segments, we plan to selectively target acquisitions or investments that will expand our overall PRC market share or allow us to introduce new Specialized Solutions to our current Specialized Solutions portfolio. While no specific acquisition candidates or investment opportunities had been identified as of the Latest Practicable Date, we expect to seek such acquisition targets or investment opportunities through our networks and partnerships in the ITS industry and day-to-day knowledge of the ITS industry in the PRC;
- approximately HK\$203.6 million, or approximately 35%, for project-related working capital needs to finance increased business volume and the corresponding project and bid related bonds;
- approximately HK\$58.2 million, or approximately 10%, for further investment and development in our Company’s research and development team in order to facilitate market share gains in the expressway sector and support the expansion of our Specialized Solutions. In particular, we expect to allocate this portion of the net proceeds to (i) increasing the number of dedicated research and development personnel; (ii) acquiring new intellectual property; and (iii) enhancing our research capabilities and equipment. As our research and development capabilities continue to grow, we will focus on developing (i) signaling technology and other products for the railway sector; (ii) AID for the railway sector; (iii) next generation of ONU and AID products for the expressway sector; (iv) ETC for the expressway sector; and (v) our traffic information platform for both the urban and expressway sectors; and
- approximately HK\$58.1 million, or approximately 10%, for general corporate purposes.

To the extent that our net proceeds from the Global Offering are not immediately required for the above purposes, we intend to deposit the proceeds with banks in interest-bearing bank accounts and/or other authorized financial institutions in other treasury instruments. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

To the extent that the net proceeds from the issue of new Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of new Shares, when combined with such alternate sources of financing, are sufficient for the uses set forth above.

In the event that the Over-allotment Option is exercised in full and based on the mid-point of the indicative Offer Price range, we estimate that we will receive additional net proceeds from the issue of additional new Shares of HK\$116.8 million, deducting underwriting fees and estimated expenses payable by us.

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In the event that the Offer Price is finally determined at the low end of the indicative Offer Price range, being HK\$2.85 per Offer Share, the net proceeds from the issue of new Shares will decrease by approximately HK\$102.4 million to approximately HK\$479.3 million, as compared with the above computation (which is based on the mid-point of the indicative Offer Price range), assuming no exercise of the Over-allotment Option. Our Directors intend to apply the net proceeds from the issue of new Shares in the same manner as above.

In the event that the Offer Price is finally determined at the highest end of the indicative Offer Price range, being HK\$3.90 per Offer Share, the net proceeds of the issue of new Shares will increase by approximately HK\$102.4 million to approximately HK\$684.0 million, as compared with the above computation (which is based on the mid-point of the indicative Offer Price range), assuming no exercise of the Over-allotment Option. Our Directors intend to apply such additional net proceeds in the same manner as above.

The Selling Shareholders will be selling a portion of their Shares in the Global Offering. We estimate that the net proceeds to be received by the Selling Shareholders from the Global Offering will be approximately HK\$120.6 million (assuming the same mid-point of the proposed Offer Price range), after deducting the underwriting fees and commission payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the proceeds from the sale of Shares by the Selling Shareholders.