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We estimate that we will receive net proceeds from the Global Offering (excluding net proceeds from the sale of Sale Shares) of approximately HK\$593.3 million assuming an Offer Price of HK\$0.95 per Share (being the mid-point of the stated range of the Offer Price of between HK\$0.85 and HK\$1.05 per Share), after deducting the underwriting fees and estimated expenses payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. We intend to use these net proceeds for the following purposes:

- as to approximately HK\$195.8 million (equivalent to approximately 33% of our total estimated net proceeds) for the purchase and upgrade of production and testing equipment, of which approximately 26% will be used for the purchase of equipment for the production of capacitive touch screen products, including but not limited the equipment for the adoption of lens and lamination technology, and approximately 7% will be used for wireless charging devices in order to enhance and upgrade the Company's production capacity to capitalise expected growth in demand for these products;
- as to approximately HK\$154.3 million (equivalent to approximately 26% of our total estimated net proceeds) for the research and development of (1) capacitive touch screen products, including electronic hardware and PCBA designs of capacitive touch screen products, (2) eCardFlex™, SecuMemory and street lamp lighting technology, including electronic hardware and PCBA designs, sample making and tooling costs and (3) software and firmware of our products, and further development of the Company's own "C-touch" brand;
- as to approximately HK\$77.1 million (equivalent to approximately 13% of our total estimated net proceeds) as a reserve for potential future acquisitions of new technology or for cooperation with external parties;
- as to approximately HK\$53.4 million (equivalent to approximately 9% of our total estimated net proceeds) as reserve for potential future acquisitions for vertical integration;
- as to approximately HK\$53.4 million (equivalent to approximately 9% of our total estimated net proceeds) for construction of additional production plants in the next three years, mainly for fingerprint biometric products, wireless charging devices and plasma street lamps; and
- as to approximately HK\$59.3 million (equivalent to approximately 10% of our total estimated net proceeds) for general working capital purposes.

Our Directors confirm that our Company did not enter into any agreement, neither did we have any definite plans at present in relation to any potential acquisition as at the Latest Practicable Date.

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholder. Assuming an Offer Price of HK\$0.95 per Share (being the mid-point of the indicative Offer Price range of HK\$0.85 to HK\$1.05 and assuming the Over-allotment Option is not exercised),

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the Selling Shareholder will receive approximately HK\$118.7 million, after deducting underwriting fees and other expenses relating to the Global Offering payable by the Selling Shareholder.

If the Offer Price is determined at the highest point of the indicative Offer Price range, and assuming that the Over-allotment Option is not exercised, the net proceeds to our Company would be increased by approximately HK\$69.2 million. In such event, we intend to apply such additional funding to finance the above planned usages on a pro-rata basis. If the Offer Price is determined at the lowest point of the indicative Offer Price range, the net proceeds to us would be decreased by approximately HK\$69.2 million. In such event, we intend to decrease each of the above planned usages on a pro-rata basis. We intend to finance any shortfall in the implementation of our plans by internal cash resources and/or additional bank borrowings, as and when appropriate.

Assuming that the Over-allotment Option is exercised in full, the additional net proceeds to be received by us are estimated to be approximately HK\$130.9 million, HK\$118.4 million or HK\$106.0 million, respectively (based on the maximum indicative Offer Price of HK\$1.05 per Share, HK\$0.95 per Share, being the mid-point of the indicative Offer Price range of HK\$0.85 to HK\$1.05 per Share, and the minimum indicative Offer Price of HK\$0.85 per Share, respectively). We intend to use the additional net proceeds to finance the above planned usages on a pro-rata basis.

To the extent that any portion of the net proceeds from the Global Offering is not immediately used for the above purposes, we may allocate such proceeds to short-term interest-bearing deposits with licensed banks or authorised financial institutions in Hong Kong/the PRC and/or money market instruments.

We will make an appropriate announcement and comply with applicable Listing Rules if there is any change to the above proposed use of proceeds.