
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Business strategies” in this prospectus for a detailed description of the Group’s future plans.

USE OF PROCEEDS

The Company estimates that the aggregate net proceeds from the Offering, based on an Offer Price of HK\$1.60 per Offer Share, will be approximately HK\$109 million, assuming the Over-allotment Option is not exercised and after deducting proceeds from the Sale Shares, underwriting fees and commissions and estimated expenses payable by the Company in connection with the Offering. The Company estimates the aggregate net proceeds from the Offering, based on an Offer Price of HK\$1.60 per Offer Share, will be approximately HK\$134 million, assuming the Over-allotment Option is fully exercised and after deducting underwriting commissions and estimated expenses payable by the Company in connection with the Offering. The Group intends to use such net proceeds as follows:

1. Approximately HK\$46 million, or approximately 42.2% of the estimated net proceeds, will be used to expand the Group’s SMT production capacity and efficiency by acquiring SMT machineries, equipment and relevant technology. The machinery and equipment include automatic printers, component mounters, IC mounters, soldering systems and automatic optical inspection systems. The installation of such machinery and equipment are planned to be rolled out in 2012 and 2013 and will increase the Group’s SMT production capacity by approximately 2.76% (approximately 52,000 pcs. of components per hour) and approximately 7.19% (approximately 139,000 pcs. of components per hour), respectively on a year on year basis in 2012 and 2013. The aforementioned production equipment will be installed in existing vacant space within the premises of Dongguan Baineng.
2. Approximately HK\$24 million, or approximately 22.0% of the estimated net proceeds, will be used to promote and develop new products, and brand building in 2012 and 2013, of which HK\$10 million is intended to be utilised in the PRC and HK\$14 million is intended to be utilised for the EMEAI market.
3. Approximately HK\$24.0 million, or approximately 22.0% of the estimated net proceeds, will be invested in research and development of peripheral products for mobile computing devices and future generations of mini-PC including recruiting hardware and software design talents, acquiring industrial and plastic molding design equipment and licenses of operating system development kits and design software over three years in 2012, 2013 and 2014.

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4. Approximately HK\$5 million, or approximately 4.6% of the estimated net proceeds will be used to upgrade the existing Enterprise Resource Planning (“ERP”) system and IT resources in order to achieve further improvements in operational excellence by hiring a qualified consulting firm to implement the upgrading, as well as by increasing IT resources to strengthen the Group’s IT capability.
5. The balance of approximately HK\$10 million, or approximately 9.2% of the estimated net proceeds, will be used for the Group’s working capital requirements and general corporate purposes.

Assuming that the Over-allotment Option is exercised in full, the additional net proceeds shall be allocated pro rata towards items 1, 2 and 3.

To the extent that the net proceeds from the Offering are not immediately used for the above purposes, it is the Group’s present intention that such net proceeds will be deposited into interest-bearing accounts with licenced banks and/or financial institutions.