



### **USE OF PROCEEDS FROM H SHARES ISSUE**

The net proceeds from the new issue of H shares were approximately RMB410,000,000. In the period under review, approximately RMB13,890,000 was used according to the use of proceeds as disclosed in the prospectus for the purchase of PCB production facilities and upgrading its technology in order to enhance the facilities standard and expand the production capacity of Shennan. For the year ended 30th June, 2001, the Company had used RMB376,000,000 out of the net proceeds from the new issue of H shares. It is intended that the remaining portion will be used for the above purpose and as working capital in the second half of this year.