

USE OF PROCEEDS

Upon listing on the Stock Exchange in May 2001, net proceeds of approximately HK\$37 million were raised, of which:

- approximately HK\$2 million has been applied for the setting up of a sales office in Malaysia to capture the growing Asian market;
- approximately HK\$1 million has been applied for the setting up of a product database and product development centre in Shenzhen, the PRC;
- approximately HK\$2 million has been applied for development of new product lines through co-operation with strategic business partners in the electronics industry, most of the amount has been used for building up inventory and as working capital of the business; and
- approximately HK\$7 million has been used for the general working capital of the Group.

The balance of the net proceeds of the new issue of approximately HK\$25 million are being placed with banks.