

## Application of Proceeds from the Listing

Shares of the Company were listed on the Stock Exchange on 9th June 2006. The net amount of proceeds from the issue of shares after deducting listing expenses amounted to approximately HK\$70,000,000.

For the year ended 31st December 2006, the amount spent on the purchase of diode production equipment was approximately RMB11,400,000, the amount spent on the construction of factory buildings was approximately RMB1,800,000, while prepayments on deposits placed for acquisition of land and machineries was approximately RMB12,300,000. The first installment paid for the acquisition of Seven Rainbows Limited and its shareholder's loan was RMB3,300,000. The balance of the proceeds temporarily deposited in banks is used as working capital.