

APPLICATIONS AND COMPARISON OF USE OF PROCEEDS

The Group raised approximately HK\$153 million (including Over-allotment Option) upon listing of the Company.

Comparison of the use of proceeds as stated in the Prospectus with actual application:

Use of proceeds as stated in the Prospectus

- Approximately HK\$10 million for the expansion of market share into the selected vertical markets in the PRC through marketing and promotion
- Approximately HK\$10 million for the set up or expansion of new offices in Macau, Hong Kong and representative offices in the PRC
- Approximately HK\$25 million of the market development and the promotion of mobile telecommunications
- Approximately HK\$25 million for the development of ISP, e-commerce and Internet-related products and business; and approximately HK\$20 million for the R&D in and the promotion of Internet access equipment
- Approximately HK\$10 million for the enhancement of the R&D department and for the development of products under its own brand name
- Approximately HK\$54 million of the balance of the net proceeds for additional working capital

Application of proceeds from the initial share offer on 25th February 2000

- Expenses incurred for the expansion of market share into selected vertical markets in the PRC financed through internal generated income
- Approximately HK\$5 million for the set up of new office in Macau and setup and expansion of representative offices in the PRC
- Approximately HK\$15 million for the acquisition and operating expenditures of our investment in LG TOPS, which engages in CDMA Wireless Local Loop systems and terminals, and MTel, which specializes in data compression and acceleration technology
- Approximately HK\$33 million for the acquisition and operating expenditures of our investment in Vodatel Crossland, which is engaged in the research and development of e-commerce solutions and hardware applications
- Approximately HK\$2 million for the development and enhancement of self-developed products
- Balance of net proceeds have been deposited in licensed banks in Hong Kong and will be used for strategic investments and general working capital

Application of proceeds during the current financial year:

- Approximately HK\$3.5 million for the set up of new office in Macau and set up and expansion of representative offices in the PRC;
- Approximately HK\$3 million for the acquisition and operating expenditures of our investment in MTel, which specializes in data compression and acceleration technology; and
- Approximately HK\$1 million for the development and enhancement of self-developed products.

The Group plans to apply the balance of net proceeds, amounting to approximately HK\$98 million, for the following uses in the next financial period:

- Approximately HK\$5 million for the set up or expansion of new offices in Macau and Asia Pacific region and representative offices in the PRC
- Approximately HK\$7 million of the market development and the promotion of mobile telecommunications;
- Approximately HK\$5 million for the research and development of new products and enhancement of products under our own brand name; and
- Approximately HK\$81 million of the balance of the net proceeds for additional working capital.