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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the sub-section headed “*Business – Our Business Objectives and Strategies*” of this prospectus for a detailed description of our business objectives and future plans.

### IMPLEMENTATION PLAN

With a view to achieving our business objectives, our Directors have drawn up an implementation plan for the periods from the Latest Practicable Date up to 31 December 2017. Our actual course of business may vary from the business objectives set out in this prospectus, due to, amongst other things, changes in circumstances beyond our control. There can be no assurance that our plans will materialise in accordance with our expected time frame or that our objectives will be accomplished at all. Investors should also note that the following implementation plan is formulated on the bases and assumptions as set out in the paragraph headed “*Bases and key assumptions of the business plans*” below. These bases and assumptions are subject to many uncertainties and unpredictable factors, in particular the risk factors set out in the section headed “*Risk Factors*” of this prospectus.

We believe that there will continue to be a growing demand for packages with increased input/output density, smaller size and better heat dissipation characteristics. As such, we plan to add equipment and machineries for manufacturing (i) certain SOT series packages including SOT26, SOT563 and SOT723, which, according to Prismark, represent smaller packages and more cost competitive as compared to SOD series packages; and (ii) certain DFN series packages including DFN0603 and DFN1006, which, according to Prismark, represent the newest discrete semiconductor packaging technology and are becoming one of the lowest cost and most practicable packages for discrete packaging. Details of the implementation plan in relation to expansion of our existing production facilities and establishment of new product lines to further increase our customers in the PRC, Hong Kong and overseas markets are set out below:

From the Latest Practicable Date to 31 December 2015	For the six months ending 30 June 2016	For the six months ending 31 December 2016	For the six months ending 30 June 2017	For the six months ending 31 December 2017
Purchase additional equipment for production of SOT26	Set up DFN0603 product line	Further increase high- profit-margin DFN1006 production capacity	Set up SOT563 and SOT723 production line to minimise outsourcing	Further increase high- profit-margin DFN0603 production capacity

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Although our production facilities have not reached full utilisation, we will need to purchase additional equipment and machineries including cutting machine, die bonder, wire bonder, injection moulding machine and autoloader, to increase the production capacity for the manufacture of our existing higher profit-margin products which have high utilisation level such as DFN1006 and SOT26 and also to enable us to produce new higher profit-margin products such as DFN0603, as compared to our other products. The average utilisation rates of our production of DFN1006 and SOT26 reached approximately 78.2% and 79.1%, respectively, for the three months ended 31 March 2015. During the four months ended 31 July 2015, we have enhanced our production lines for both DFN1006 and SOT26 and our production volumes of DFN1006 and SOT26 for the four months ended 31 July 2015 have already exceeded the maximum production capacity of the respective product as at 31 March 2015. The average utilisation rates of our production of DFN1006 and SOT26, based on the increased maximum production capacity as at 31 July 2015, reached approximately 84.2% and 88.2%, respectively. We will take a cautious approach when considering new purchases and will only make a purchase if and when we think it is in the interest of our Group to do so.

### BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

Potential investors should note that the attainability of our business objective depends on the following assumptions:

- (a) there will be no material changes in the existing political, legal, fiscal or economic conditions in the PRC and Hong Kong in which any members of our Group carries on or will carry on business and provides or will provide products;
- (b) there will be no material changes in the bases or rates of taxation in the PRC and Hong Kong or in any other places in which any members of our Group operates or is incorporated;
- (c) the Placing will be completed as described in the section headed “*Structure and Conditions of the Placing*” of this prospectus;
- (d) we will be able to retain key staff in the management and the professional team;
- (e) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objective relates;
- (f) our Group is not materially and adversely affected by any risk factor set out in the section headed “*Risk Factors*” of this prospectus;
- (g) there are no wars, military incidents, pandemic diseases or natural disasters that would have a material impact on our Group’s business and operating activities;
- (h) we will be able to continue our operation in substantially the same way as we have been operating and we will also be able to carry out our development plans without disruptions;
- (i) there will be no change in the effectiveness of the licenses and permits obtained by our Group; and
- (j) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group.

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### REASONS FOR THE PLACING AND USE OF PROCEEDS

Our Directors believe that the Listing will enhance our Group's corporate profile and image which should strengthen our competitiveness. As our Group is actively exploring opportunities to strengthen our market position and expand our business, the Listing will offer us access to capital markets for corporate finance exercise to assist in future business development. Furthermore, the net proceeds from the Placing will strengthen our financial position to implement our future plan to strengthen our market position as set out in the sub-section headed “– *Implementation Plan*” in this section.

Based on the Placing Price of HK\$0.25 per Placing Share (being the mid-point of the stated range of the Placing Price), the net proceeds from the Placing, after deducting underwriting commission and estimated expenses payable by our Company in connection thereto, are estimated to be approximately HK\$32.8 million. Our Company presently intends to apply such net proceeds from the Placing as follows:

- approximately HK\$30.1 million (or 91.8% of the net proceeds) for purchase of equipment and machinery for expansion of product line; and
- approximately HK\$2.7 million (or 8.2% of the net proceeds) as our general working capital.

In line with our business strategies, the proceeds from the Placing will mostly be used for purchase of equipment and machinery for expansion of our production capacity.

In summary, the application of the net proceeds from the Placing for the implementation of our future plans for the periods from the Latest Practicable Date to 30 June 2017 is as follows:

From the Latest Practicable Date to 31 December <u>2015</u> <i>HK\$'000</i>	For the six months ending 30 June <u>2016</u> <i>HK\$'000</i>	For the six months ending 31 December <u>2016</u> <i>HK\$'000</i>	For the six months ending 30 June <u>2017</u> <i>HK\$'000</i>	For the six months ending 31 December <u>2017</u> <i>HK\$'000</i>
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Expansion on our existing  
production facilities and  
establish new product lines  
to further increase our  
customers in PRC, Hong  
Kong and overseas markets

	2,200	7,870	8,090	8,150	3,830
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If the final Placing Price is set at the high end or low end point of the indicative Placing Price range, the net proceeds of the Placing will increase or decrease by approximately HK\$10 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Placing Price is determined at the highest or lowest point of the indicative Placing Price range.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits with authorised financial institutions.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new project of our Group to a material extent or there is to be any material modification to the use of proceeds as described above, we will issue an announcement in accordance with the GEM Listing Rules.