
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section headed “Business — Our Strategies” in this Prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, are estimated to be approximately HK\$2,025.37 million (equivalent to approximately US\$261.00 million) before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$3.02 per Share, being the mid-point of the proposed Offer Price range of HK\$2.54 to HK\$3.50 per Share. We intend to use such net proceeds as follows:

- Approximately HK\$1,458.26 million (equivalent of approximately US\$187.92 million, or approximately 72% of our total estimated net proceeds) for capital expenditure on new product programs secured from OEM customers or expects to be secured and expansion of manufacturing capacity and facilities.
 - Approximately HK\$1,377.25 million (equivalent of approximately US\$177.48 million, or approximately 68% of our total estimated net proceeds) for capital expenditure on machinery and equipment to increase production capacity including expansion of machinery capacity and assembly-line capacity, to launch new product programs that have been secured or are expected to be secured from OEM customers. The key new product programs and the respective capital expenditure are as follows:
 - expansion of capacity in the PRC, including (i) new production capacity for new generation models of REPS and single pinion EPS; and (ii) increasing production capacity for CEPS and new generation models of steering columns and halfshafts;
 - expansion of capacity in North America, including increasing production capacity for new generation models of REPS, steering columns and halfshafts;
 - expansion of capacity in Poland, including (i) new production capacity for single pinion EPS; and (ii) increasing production capacity for CEPS; and
 - expansion of capacity in other emerging markets, including (i) new production capacity for single pinion EPS; and (ii) increasing production capacity for CEPS.
 - Approximately HK\$81.01 million (equivalent of approximately US\$10.44 million, or approximately 4% of our total estimated net proceeds) for expansion and construction of manufacturing plants. In particular, we are planning to expand existing plants and build new plants in the PRC and India to manufacture CEPS and halfshafts.

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- Approximately HK\$425.33 million (equivalent of approximately US\$54.81 million, or approximately 21% of our total estimated net proceeds) to strengthen our research and development capabilities, develop new technologies and products, and enhance key component manufacturing capabilities. We intend to focus our research and development efforts on the following areas:
 - developing and implementing modular power packs for brushless steering products, including developing competency for the manufacture of motors and controllers and the related assembly lines; and
 - establishing a technical center in the PRC for the purposes of product application, product development, durability testing, reliability testing and regional prototyping.
 - improvement in our I.T. and engineering laboratories in our plants globally.
- Approximately HK\$141.78 million (equivalent of approximately US\$18.27 million, or approximately 7% of our total estimated net proceeds) to supplement our working capital.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase to approximately HK\$2,362.33 million or decrease to approximately HK\$1,688.41 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$2,343.37 million, assuming an Offer Price of HK\$3.02 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering, including the proceeds from the exercise of the Over-allotment Option, will increase or decrease by approximately HK\$387.50 million. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

The Company is not aware of any legal or regulatory restrictions with respect to the use of proceeds for the projects and plans detailed above.