
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

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

USE OF PROCEEDS

We estimate that the net proceeds to our Company from the Global Offering, after deducting the underwriting commissions and estimated expenses in relation to the Global Offering payable by us, will be approximately HK\$233.2 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$1.25 per Share, being the midpoint of the Offer Price range set out in this prospectus. We intend to use the net proceeds for the following purposes:

- approximately HK\$167.9 million, or approximately 72% of the net proceeds will be used for capacity expansion and related investments, including:
 - i. approximately HK\$45.2 million for establishing a new business unit specialising in ultra-large standard molds, which entails the purchase of larger mold fabrication equipment and hiring of more qualified technicians. We plan to utilise ultra-large standard molds business units to expand our capabilities to serve the automotive industry and fabricate molds for use in the manufacturing of instrument panels, bumpers and door panels. We plan to purchase approximately six sets of CNC milling machines, four sets of EDM machines and other ancillary equipment. We anticipate that the relevant purchases of equipment will increase our estimated annual production capacity for mold fabrication by approximately 67,200 hours (representing approximately 9.1% of our estimated annual production capacity for mold fabrication for 2012). We intend to complete such expansion by the end of 2014;
 - ii. approximately HK\$32.3 million for upgrading mold fabrication capabilities, which primarily entails (i) the purchase of approximately two sets of automated work piece production lines for certain advanced milling and EDM processes; and (ii) the purchase of advanced mold fabrication and measurement equipment. We intend to purchase approximately 14 sets of the relevant mold fabrication machines in 2014 and five sets of the relevant mold fabrication machines in 2015, and we anticipate our estimated annual production capacity will increase approximately 94,080 hours by the end of 2014 and approximately 33,600 hours by the end of 2015, respectively (representing approximately 12.7% and 4.5%, respectively, of our estimated annual production capacity for mold fabrication for 2012);

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- iii. approximately HK\$51.7 million for purchasing equipment and capital investment related to our plastic components manufacturing operations in Shenzhen, which primarily entails the set up of an advanced spray painting production line, installation of a new workshop and purchasing of approximately 42 sets of plastic injection molding machines. We intend to make such capital investments in phases, purchasing approximately 20 sets of the relevant machines in 2014 and 22 sets in 2015. We anticipate that the relevant purchase of equipment will increase our estimated annual production capacity for plastic components manufacturing by approximately 137,280 hours by the end of 2014 and approximately 151,008 hours by the end of 2015, respectively (representing approximately 12.2% and 13.4%, respectively, of our estimated annual production capacity for plastic components manufacturing for 2012); and
- iv. approximately HK\$38.7 million for expanding our production capacity in Suzhou by adding a new workshop, which primarily entails the purchase of approximately 29 sets of plastic injection molding machines and installation of the workshop. We intend to purchase approximately six sets of the relevant machines in 2014 and 23 sets of the relevant machines in 2015. We anticipate that the relevant purchase of equipment will increase our estimated annual production capacity for plastic components manufacturing by approximately 41,184 hours by the end of 2014 and approximately 157,872 hours by the end of 2015, respectively (representing approximately 3.7% and 14.0%, respectively, of our estimated annual production capacity for plastic components manufacturing for 2012); and
- approximately HK\$25.7 million, or approximately 11% of the net proceeds will be used for strategic acquisitions of other mold fabricators. We expect to select our target companies by considering a range of factors including, amongst others, the target company's (i) customer base; (ii) existing market and whether such market aligns with our expansion; (iii) historical financial performance; (iv) scale of operations; (v) market reputation; (vi) expertise and technical capacity; and (vii) compatibility for integration with our operations. Our Directors confirm that we had not identified a suitable target for such an acquisition as at the Latest Practicable Date. Please also refer to the section headed "Business—Our Strategies—Engage in strategy acquisition of other mold fabricators to complement our business model" in this prospectus for further details;
- approximately HK\$18.7 million, or approximately 8% of the net proceeds will be used for research and development, advanced production processes, new production techniques, automation of production processes and secondary development mold design software. Please also refer to the section headed "Our Business—Our Strategies—Expand our research and development efforts and capabilities" in this prospectus for further details.
- approximately HK\$20.9 million, or approximately 9% of the net proceeds will be used for working capital and other general corporate purposes.

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To the extent the net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a *pro rata* basis.

If the Over-allotment Option is exercised in full, we estimate we would receive additional net proceeds of approximately HK\$36.6 million, assuming an Offer Price of HK\$1.25 per Share, being the midpoint of the Offer Price range stated in this prospectus. Under such circumstances, we will adjust our allocation of the net proceeds for the above purposes on a *pro rata* basis to the extent achievable.

In the event that the Offer Price is set at the high-end or low-end of the Offer Price and the Over-allotment Option is not exercised at all, the net proceeds of the Global Offering will increase or decrease, respectively, by approximately HK\$29.3 million. Under such circumstances, we will adjust our allocation of the net proceeds for the above purposes on a *pro rata* basis to the extent achievable.

We will issue an announcement in Hong Kong in the event that there is any material change in the use of proceeds described above.