
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the paragraph headed “Business strategies” under the section headed “Business” in this prospectus for a detailed description of our future plans.

PROPOSED USE OF NET PROCEEDS

Our Directors intend to apply the net proceeds from the Global Offering to finance our capital expenditure and business expansion, strengthen our capital base and improve our overall financial position. Based on the Offer Price of HK\$1.68 (being the mid-point of the indicative Offer Price range between HK\$1.43 and HK\$1.93), the net proceeds from the Global Offering, assuming the Over-allotment Option is not exercised, and after deduction of underwriting commission and estimated expenses payable by us in relation to the Global Offering, are estimated to be approximately HK\$175.5 million. Our Directors currently intend to apply such net proceeds from the Global Offering as follows:

- approximately HK\$61.4 million (equivalent to approximately 35% of our total estimated net proceeds) on setting up the manufacturing facilities in our new production base in Hefei, the PRC;
- approximately HK\$52.7 million (equivalent to approximately 30% of our total estimated net proceeds) on setting up the manufacturing facilities in our new production base in Zhengzhou, the PRC;
- approximately HK\$31.6 million (equivalent to approximately 18% of our total estimated net proceeds) on upgrading our production facilities;
- approximately HK\$8.8 million (equivalent to approximately 5% of our total estimated net proceeds) on research and development;
- approximately HK\$3.5 million (equivalent to approximately 2% of our total estimated net proceeds) on upgrading our ERP system;
- approximately HK\$17.5 million (equivalent to approximately 10% of our total estimated net proceeds) for general working capital purposes.

We intend to apply the net proceeds for the above usages as soon as the funds are available.

In the event that the Offer Price is finally determined at the highest end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK\$30.2 million. Our Directors intend to apply such additional net proceeds for the above usages in the proportions as referred to above.

If the Offer Price is finally determined at the lowest end of the indicative Offer Price range, the net proceeds from the Global Offering will reduce by approximately HK\$30.2 million. In such event, our Directors intend to reduce the intended use of proceeds for the above stated purposes on pro-rata basis and we will finance such shortfall by internal cash resources and/or additional bank borrowings, as and when appropriate.

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If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$205.9 million, assuming an Offer Price of HK\$1.68 per Offer 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 from the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase by approximately HK\$34.7 million or decrease by approximately HK\$34.7 million, respectively. We intend to apply the additional net proceeds to the above uses in the proportion stated above.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and/or authorised financial institutions in Hong Kong and/or the PRC for so long as it is in our best interest. We will also disclose the same in the relevant annual report.