
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Details of our Group's future plans are set out in the paragraph headed "Our Business Strategies" under the section headed "Business" of this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$1.74 per Share (being the midpoint of the stated Offer Price range of HK\$1.42 to HK\$2.05 per Share), the net proceeds from the New Issue, after deducting the underwriting fees and estimated expenses borne by us in connection with the Global Offering, are estimated to be approximately HK\$553.8 million.

We intend to apply such net proceeds as follows:

- up to 33%, or approximately HK\$180.0 million, will be used starting from the second half of 2012 to expand our production facilities for high and ultra high voltage cables with rated voltages of 220-500kV;
- up to 16%, or approximately HK\$90.0 million, will be used starting from the second half of 2012 to upgrade and expand our existing production facilities and enhance our research and development capabilities;
- up to 20%, or approximately HK\$109.0 million, will be used starting from the second half of 2012 to set up a manufacturing facility in South Africa to support our expansion in South Africa and its surrounding markets;
- up to 25%, or approximately HK\$141.0 million, will be used starting from the second half of 2012 to set up production facilities for aluminium alloy and double capacity conductors; and
- up to 6%, or approximately HK\$33.8 million, will be used for the potential acquisitions to further expand our market share and leadership through consolidation of upstream businesses or companies with complementary products, technologies and customers. Please refer to the paragraph headed "Explore strategic opportunities" in the section headed "Business" of this prospectus for further details. We had not identified any acquisition target as at the Latest Practicable Date.

In the event that the Offer Price is determined at the high end of the indicative Offer Price range between HK\$1.42 to HK\$2.05 per Share, the net proceeds from the New Issue will be approximately HK\$656.1 million. In such case, the additional net proceeds from the New Issue will be applied towards potential acquisitions. Save for the above changes, there will not be any further changes in the use of net proceeds of the New Issue under such circumstance.

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In the event that the Offer Price is determined at the low end of the indicative Offer Price range between HK\$1.42 to HK\$2.05 per Share, the net proceeds from the New Issue will be approximately HK\$448.1 million. In such case, the net proceeds from the New Issue to be applied towards (i) expansion of our production facility for high and ultra high voltage cables; (ii) upgrade and expand existing production facilities and enhance research and development capabilities; (iii) set up a manufacturing facility in South Africa; (iv) set up production facilities for aluminium alloy and double capacity conductors; and (v) potential acquisitions, will be decreased to approximately HK\$148.0 million, HK\$74.0 million, HK\$97.0 million, HK\$115.0 million, and HK\$14.1 million respectively. We intend to finance these shortfall, if necessary, by internal resources or bank borrowings. Save for the above changes, there will not be any further changes in the use of net proceeds of the New Issue under such circumstance.

The estimated net proceeds from the Sale Shares to be received by the Selling Shareholder will be approximately HK\$77.6 million (assuming the same midpoint of the stated Offer Price range as stated in the above), after deducting the underwriting fees and estimated expenses payable by the Selling Shareholder in relation to the Global Offering. Our Company will not receive any of the net proceeds from the Sale Shares by the Selling Shareholder.

Should the Over-allotment Option be exercised in full, we will receive additional net proceeds of approximately HK\$97.9 million. We intend to adjust our allocation of the net proceeds for the purposes described above on a pro rata basis. The Selling Shareholder will not receive any of the net proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds from the New Issue are not immediately used for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short term deposits with licenced banks and/or authorised financial institutions in Hong Kong and/or the PRC.