FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming no **[REDACTED]** is exercised and an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the midpoint of the indicative **[REDACTED]** stated in **[REDACTED]**.

In line with our strategies, we intend to use the **[REDACTED]** for the following purposes:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for expanding our production capacity of high-end electronic fabrics and special-purpose electronic yarn which is part of Huangshi New Project, enhancing the delivery capability of high-end electronic fabrics, and capturing market growth opportunities in high-end electronic fabrics driven by the rapid development of AI and high-performance computing, smart terminals and intelligent driving. Specifically:

  (i) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be used to expand high-end electronic fabric production capacity. This includes capacity for special-purpose electronic fabrics including quartz fabric, low CTE fabric, and low Dk/Df fabric, as well as ultra-thin and super-thin fabrics. The estimated additional annual production capacity is approximately 76.8 million meters in addition to our existing capacities. Specifically, the investment will include: 1) approximately **[REDACTED]**% for procurement and installation of production equipment, including weaving machines, sizing machines, finishing machines and other equipment; 2) approximately **[REDACTED]**% for construction of production and ancillary facilities; 3) approximately **[REDACTED]**% for recruitment of manufacturing personnel; and 4) approximately **[REDACTED]**% for introduction and ongoing optimization of digitalization, automation, and information systems.

  (ii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** proceeds will be used to expand special-purpose electronic yarn production capacity, focusing on yarn with low Dk/Df and low CTE. The estimated additional annual production capacity is approximately 3,500 tons. Specifically, the investment will include: 1) approximately **[REDACTED]**% for procurement and installation of production equipment including maintenance costs, primarily comprising the construction of melting furnaces, procurement of precious metal components, fiber drawing machines, twisting machines, and other ancillary equipment; 2) approximately **[REDACTED]**% for recruitment of manufacturing personnel; 3) approximately **[REDACTED]**% for construction of production and ancillary facilities; and 4) approximately **[REDACTED]**% for introduction and ongoing optimization of digitalization, automation, and information systems. As special-purpose electronic yarn is a critical raw material for special-purpose electronic fabric production, this capacity expansion is expected to support our overall production capability.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for enhancing our technology development in high-end electronic fabrics and electronic yarn, meeting the rapidly evolving technological demands of AI and high-performance computing, high-end communications, and high-end consumer electronics. Specifically:

  (i) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be used for R&D of high-end electronic fabrics, focusing on fabrics with lower Dk/Df, lower CTE, and thinner profiles. The investment will primarily include: 1) approximately **[REDACTED]**% for the recruitment of specialized R&D and engineering personnel to conduct R&D projects focusing on electronic fabric ultra-thinning, low Dk/Df development, and low CTE development; 2) approximately **[REDACTED]**% for the procurement of advanced R&D materials, including electronic yarn and chemical materials; 3) approximately **[REDACTED]**% for advanced R&D equipment procurement, including weaving machines, tensile testers and CCD inspection equipment; and 4) approximately **[REDACTED]**% primarily for testing fees and patent fees. These advancements will support stable operation and high-speed signal transmission in AI and high-performance computing equipment and high-speed network switches, while preparing core materials for the 6G era.

(ii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be used for R&D of special-purpose electronic yarn with lower Dk/Df and lower CTE. The investment will primarily include: 1) approximately **[REDACTED]**% for advanced R&D equipment procurement, including fiber drawing machines, twisting machines, melting furnaces and precious metal components, thermal expansion analyzers and high-temperature viscometers; 2) approximately **[REDACTED]**% for the recruitment of specialized R&D and engineering personnel, to optimize fiber drawing, twisting, and furnace design processes, advance glass formulation and sizing agent development, and for quality control; 3) approximately **[REDACTED]**% for R&D materials focusing on lower Dk/Df and lower CTE development; and 4) approximately **[REDACTED]**% for testing fees and patent fees.

(iii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be used for R&D of quartz fiber yarn. Quartz fabric, made from high-purity quartz fiber, features extremely low dielectric loss and excellent electrical stability, making it a key material for ultra-high-speed signal transmission and high-end computing platforms. The investment will primarily cover recruitment of R&D and engineering personnel, procurement of advanced R&D equipment to support precision fiber formation and quality control, R&D materials for the quartz yarn development projects, and collaborative development, testing and patent fees.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for strategic acquisitions to fulfill our long-term growth objectives and further strengthen our overall competitive position. We may consider companies or assets within the industry value chain. We will focus on targets with relevant capacities, strong technology moats, and clear product market positioning, and evaluate potential synergies based on business complementarity and cultural fit to achieve economies of scale through systematic post-investment integration. As of the Latest Practicable Date, we had not identified any specific targets for acquisitions to which we will apply these **[REDACTED]**.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated for partial repayment of our existing interest-bearing borrowings, which are primarily to fund our production expansion and have maturity dates ranging from 2027 to 2033 and annual interest rates ranging from 2.11% to 4.65%. This repayment will optimize our capital structure, reduce our gearing ratio, decrease interest expenses, and free up cash flow for core business development.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the **[REDACTED]** will be allocated to working capital and other general corporate purposes.

If the **[REDACTED]** is set at HK$**[REDACTED]** per **[REDACTED]**, being the high end of the indicative **[REDACTED]**, the **[REDACTED]** from the **[REDACTED]** will increase by approximately HK$**[REDACTED]**. If the **[REDACTED]** is set at HK$**[REDACTED]** per **[REDACTED]**, being the low end of the indicative **[REDACTED]**, the **[REDACTED]** from the **[REDACTED]** will decrease by approximately HK$**[REDACTED]**. The above allocation of the **[REDACTED]** from the **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the estimated **[REDACTED]**.

If the **[REDACTED]** is exercised in full, the **[REDACTED]** that we will receive will be approximately HK$**[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the midpoint of the indicative **[REDACTED]**). In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional **[REDACTED]** to the aforementioned purposes in the proportions mentioned above.

To the extent that our **[REDACTED]** are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hand, bank loans and other borrowings.

If the **[REDACTED]** of the **[REDACTED]** are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the **[REDACTED]** into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interest of our Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of **[REDACTED]**.