FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Strategies."

USE OF [REDACTED]

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

We intend to use the [REDACTED] we will receive from the [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

Approximately [REDACTED]%, or HK$[REDACTED], will be used to expand and upgrade our AI chip inductor production capacity. This is in line with the strategy detailed in "Business — Our Strategies — Expand Market Share by Strengthening Capacity and Capturing Growth in Downstream Markets." The [REDACTED] are expected to be used for the procurement and installation of advanced AI chip inductor production equipment and related engineering facilities, and to expand and upgrade the production capacity of our Huidong Production Base, in order to meet the rapidly growing demand for AI chip inductors in AI computing infrastructure applications. Specifically:

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for the procurement and installation of advanced AI chip inductor production equipment in our Huidong Production Base. These mainly include pressing equipment, inspection equipment, testing equipment, assembly equipment, paint stripping equipment, dispensing equipment, mounting equipment, annealing furnaces and atomization production lines.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for the expansion and upgrade of our AI chip inductor production capacity at our Huidong Production Base, including the construction of additional production workshops, office buildings and other ancillary facilities.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for the procurement and installation of production related engineering facilities, including power infrastructure for atomization production lines and general production facilities, exhaust gas treatment systems and environmental protection facilities.

Approximately [REDACTED]%, or HK$[REDACTED], will be used to expand and upgrade our alloy soft magnetic powder core production capacity. This is in line with the strategy detailed in "Business — Our Strategies — Expand Market Share by Strengthening Capacity and Capturing Growth in Downstream Markets." The [REDACTED] are expected to be used for the automation upgrade, structural optimization and capacity expansion to enhance our supply capability in advanced alloy soft magnetic powder cores. Specifically:

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for smart manufacturing and digitalization upgrades of our alloy soft magnetic powder core production facilities, including the procurement and installation of atomization production lines, insulation equipment, pressing equipment, annealing furnaces, impregnation and baking equipment, chamfering equipment, coating equipment and automated integrated production lines.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for the expansion and upgrade of our alloy soft magnetic materials and components production capacity at our Huizhou and Heyuan Production Bases, including the construction of additional production workshops, office buildings and other ancillary facilities.

FUTURE PLANS AND USE OF [REDACTED]

Approximately [REDACTED]%, or HK$[REDACTED], will be used for strategic partnerships, investments and acquisitions. This is in line with the strategy detailed in "Business — Our Strategies — Pursue Strategic Investments and Acquisitions to Complement Our Capabilities."

We intend to selectively pursue opportunities that complement our existing business and development strategies. Potential targets may include companies in the PRC engaged in the R&D, production and sales of alloy soft magnetic materials, AI chip inductors and other magnetic components, as well as companies with complementary material technologies, forming technologies, precision production equipment technologies and other related upstream and downstream technologies and advanced manufacturing capabilities. When evaluating potential acquisition or investment targets, we expect to consider factors including (i) synergies with our existing business and technologies, (ii) technological capabilities, market position and customer resources of the target, (iii) financial condition and valuation attractiveness, and (iv) feasibility of integration and control. As of the Latest Practicable Date, we had not identified any specific acquisition or investment targets, entered into any agreement relating to any acquisition or investment, or engaged in any active negotiations with respect to any acquisition or investment.

Approximately [REDACTED]%, or HK$[REDACTED], will be used for working capital and general corporate purposes.

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 mid-point of the [REDACTED]). In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above purposes in the proportions stated 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 generated from operations, bank loans and other borrowings.

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of our Company. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].