
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

For our future plans and strategy, please see “Business — Our Business Strategies”.

USE OF PROCEEDS

We currently estimate that the Offer Price will not be more than HK\$12.28 per Offer Share and not less than HK\$10.38 per Offer Share. Assuming an Offer Price of HK\$11.33 per Offer Share, which represents the mid-point of the indicative Offer Price range, we estimate that the proceeds from the Global Offering (after deducting underwriting commissions and other estimated offering expenses in the aggregate amount of approximately HK\$150 million payable by us) will total approximately HK\$2,355.31 million (equivalent to approximately US\$303.86 million), assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds for the following purposes:

- approximately HK\$471.06 million (equivalent to approximately RMB382.50 million), or 20%, will be used for establishing overseas manufacturing and related facilities in Russia and India to implement our international business expansion plans;
- approximately HK\$282.64 million (equivalent to approximately RMB229.50 million), or 12%, will be used for establishing overseas aftermarket service network and parts and components centers in Russia, the United States, India, Turkey and Australia;
- approximately HK\$282.64 million (equivalent to approximately RMB229.50 million), or 12%, will be used for establishing an international sales and marketing network;
- approximately HK\$235.53 million (equivalent to approximately RMB191.25 million), or 10%, will be used for establishing overseas coal mining transport equipment manufacturing facilities in Russia;
- approximately HK\$235.53 million (equivalent to approximately RMB191.25 million), or 10%, will be used for establishing international research and development platforms in Germany and the United States, and generally enhancing our research and development capabilities to support sustainable, long-term growth;
- approximately HK\$376.85 million (equivalent to approximately RMB306.00 million), or 16%, will be used to develop our coal washing equipment product segment and establish a related manufacturing facility;
- approximately HK\$235.53 million (equivalent to approximately RMB191.25 million), or 10%, will be used to procure raw materials and equipment necessary for our operations, particularly for the import of special purpose parts and components from overseas countries specifically for use in producing our high-end hydraulic roof supports, including electronic hydraulic control systems; and
- any remaining balance will be used to fund our working capital and other general corporate purposes.

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To the extent that the net proceeds of the Global Offering derived from unused capital are not immediately applied to the above purposes, we intend to deposit the proceeds in short-term interest-bearing and investment grade instruments with licensed commercial banks and/or authorized financial institutions in Hong Kong. We expect to utilize the proceeds from the Global Offering to finance the above purposes. However, to the extent that the proceeds from the Global Offering are unable to fully finance the above purposes, we will use our internal working capital.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive net proceeds from the issue of additional Offer Shares of approximately HK\$366.40 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same Offer Price as stated above. We intend to allocate these net proceeds to the above purposes on a pro rata basis.

In the event that the Offer Price is set at the high end of the proposed Offer Price range and assuming the Over-allotment Option is not exercised at all, our Company will receive additional net proceeds of approximately HK\$210.07 million, which will be allocated to the above purposes on a pro rata basis.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and assuming the Over-allotment Option is not exercised at all, the net proceeds we will receive will be reduced by approximately HK\$210.07 million. Under such circumstances, the net proceeds allocated to working capital and other general corporate purposes will be reduced.