
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Business Strategies” for details of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the Global Offering (after deducting the underwriting commissions, fees and anticipated expenses in connection with the Global Offering) will be approximately HK\$4,257.32 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$5.98 per H Share, being the approximate mid-point of the Offer Price range of HK\$5.25 to HK\$6.70 per H Share as stated in this prospectus. We will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders.

We currently intend to apply these net proceeds for the following purposes, assuming the Over-allotment Option is not exercised:

- approximately HK\$51.24 million for the procurement of stackers for coal handling services in Qinhuangdao Port to retire and replace aging equipment;
- approximately HK\$11.39 million for the procurement of diesel locomotive; and
- the remainder of the net proceeds as follows (the “Remaining Proceed Uses”):
 - approximately 65%, or HK\$2,726.55 million, for the construction of two 200,000 tonne-level ore berths in the bulk cargo area of Huanghua Port. The total expected expenditure for the project is approximately RMB5.25 billion. We have begun the preparation work of this project, and the project is expected to be completed by 2014;
 - approximately 25%, or HK\$1,048.67 million, for repayment of bank loans, details of which are set out below, and

<u>Bank loan</u>	<u>Interest rates</u>	<u>Maturity</u>	<u>Uses of bank loan</u>
Bank of Communication	6%	January 31, 2014	Replacing existing loan
Industrial and Commercial Bank of China	5.70%	March 13, 2014	Working capital loan
Industrial and Commercial Bank of China	5.70%	March 14, 2014	Working capital loan
China Construction Bank	5.70%	March 14, 2014	Working capital loan
Bank of Communication	5.40%	April 24, 2014	Replacing existing loan

- approximately 10%, or HK\$419.47 million, for working capital and other general corporate purposes.

After giving effect to the repayment of RMB828.45 million (HK\$1,048.67 million) of our bank loan as listed above, we would have RMB9,298.85 million of bank loans outstanding as of June 30, 2013.

If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$652.96 million (after deducting the underwriting commissions, fees and other relevant expenses in connection with the Global Offering), assuming an Offer Price of HK\$5.98 per H Share, being the approximate mid-point of the Offer Price range of HK\$5.25 to HK\$6.70 per H Share. We will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders under the Over-allotment Option.

If the Offer Price is set at HK\$6.70 per H Share (being the high end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering

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will increase by approximately HK\$524.12 million. If the Offer Price is set at HK\$5.25 per H Share (being the low end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will decrease by approximately HK\$531.40 million.

The net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering (after deducting estimated expenses payable by the Selling Shareholders in connection with the Global Offering and assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$396.03 million, assuming an Offer Price of HK\$5.25 per H Share, or approximately HK\$451.10 million, assuming an Offer Price of HK\$5.98 per H Share, being the approximate mid-point of the Offer Price range, or approximately HK\$505.41 million, assuming an Offer Price of HK\$6.70 per H Share. If the Over-allotment Option is exercised in full, such net proceeds are estimated to be approximately HK\$455.44 million, assuming an Offer Price of HK\$5.25 per H Share, or approximately HK\$518.77 million, assuming an Offer Price of HK\$5.98 per H Share, being the approximate mid-point of the Offer Price range, or approximately HK\$581.23 million, assuming an Offer Price of HK\$6.70 per H Share. The Company will not receive any of such proceeds. In accordance with relevant PRC laws and regulations, the Selling Shareholders will be required to contribute the net proceeds they receive from the Global Offering to the NSSF.

We will adjust the allocation of the net proceeds among the Remaining Proceed Uses on a pro rata basis should the amount of proceeds received differ from the estimated amount due to the Offer Price being different from the above estimate and/or the exercise of any Over-allotment Option.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to place the funds into short-term deposits with banks or financial institutions in Hong Kong or the PRC as permitted by the relevant laws and regulations. We will comply with the PRC laws relating to foreign exchange registration and proceeds remittance.