
FUTURE PLANS AND USE OF PROCEEDS

Future Plans and Prospects

See the section entitled “Business — Our Strategies” for a detailed description of our future plans.

Use of Proceeds

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$701.2 million, after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$2.14 per Share, (being the mid-point of the indicative range of the Offer Price of HK\$1.72 to HK\$2.56).

We estimate that the Selling Shareholders will receive net proceeds from the Global Offering ranging from approximately HK\$284.5 million (assuming an Offer Price of HK\$1.72 per Offer Share, being the lower end of the estimated Offer Price range) to HK\$423.4 million (assuming an Offer Price of HK\$2.56 per Offer Share, being the higher end of the estimated Offer Price range), after deducting the underwriting commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering.

Assuming we receive the estimated net proceeds as described above, we may allocate:

- approximately 65% of the net proceeds to us (approximately HK\$455.8 million) for the partial repayment of our offshore bank loan owed to the Facility Lenders under the Facility Arrangements;
- approximately 13.5% of the net proceeds to us (approximately HK\$94.7 million) for the construction of our mining and production facilities in the Muma Mining Area; and
- approximately 13.5% of the net proceeds to us (approximately HK\$94.7 million) for the acquisition of additional mining rights; and
- the remaining of the net proceeds (approximately HK\$56.0 million) to fund working capital and other general corporate purposes.

Our Directors consider that the net proceeds from the Global Offering are crucial for financing our future plans as set out in the “Business — Our Strategies” section of the prospectus and enable us to strengthen our leading position in the thenardite market in China.

We intend to use 13.5% of the net proceeds to acquire additional mining rights. At present, there is no definite plan, target or timetable for such acquisition. The proposed net proceeds allocated to fund working capital and other general corporate purposes allows us to adopt more flexible business plans.

Upon Listing, the remaining outstanding balance of our offshore bank loan owed to the Facility Lenders will be converted into a one-year term loan bearing an effective interest rate of 13.5% per annum repayable in full at maturity. See “History, Reorganization and Corporate Structure — Facility Arrangements — Amendment upon Listing”.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

We will not receive any of the net proceeds of the Global Offering from the sale of the Shares by the Selling Shareholders.

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If the Over-allotment Option is exercised in full, we estimate the net proceeds of the Global Offering to the Selling Shareholders will range from approximately HK\$426.7 million (assuming an Offer Price of HK\$1.72 per Share) to HK\$635.1 million (assuming an Offer Price of HK\$2.56 per Share), after deducting the underwriting commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering. We will not receive any of the net proceeds of the Global Offering from the sale of the Shares by the Selling Shareholders. The Selling Shareholders will be responsible for the underwriting commission, together with any applicable Stock Exchange trading fees, SFC transaction levy, CCASS transaction fees and stamp duty payable in respect of the sale of their Shares. We will be responsible for all other costs of the Global Offering.