
FUTURE PLANS & USE OF PROCEEDS

FUTURE PLANS

Our goal is to become a leading gas-fired power provider in Zhejiang province and a leading environmentally-friendly energy enterprise in China in the longer term. We have significant experience in developing, managing and operating gas-fired power plants. We intend to leverage our existing core strength in gas-fired power generation business to develop and operate gas-fired cogeneration plants and trigeneration or CCHP projects. Our strategy includes reinforce developing new plants ourselves and seeking strategic acquisition opportunities. In particular, we will pursue the following:

- Continue to manage Our Power Plants effectively and efficiently
- Expand or upgrade Our Power Plants
- Engage in more sophisticated gas-based power provision businesses such as cogeneration and trigeneration or CCHP power generation which are efficient and environmentally-friendly
- Increase our market share through investing in new projects and making acquisitions

USE OF PROCEEDS

We currently intend to use the proceeds from the Share Offer to further our strategy of increasing our share in the gas-fired power supply market in the PRC through investment in a gas-based cogeneration power project and through further investment in one of Our Power Plant.

The net proceeds of the Share Offer after deducting the underwriting commissions and estimated expenses payable by us in relation to the Share Offer, and assuming an Offer Price of HK\$1.46 (being the mid-point of the indicative price range of the Offer Price between HK\$1.26 and HK\$1.66 per Offer Share), are estimated to amount to about HK\$108.0 million. We intend to apply the net proceeds in the following manner:

- As to approximately HK\$64.0 million, representing approximately 59.3% of the net proceeds from the Share Offer for the first phase development of a new gas-fired cogeneration power plant to be located in Anji county in Zhejiang province, namely the Anji Power Plant. The relevant government authorities have accepted our project proposal and has assigned a site for the Anji Power Plant. We are currently conducting further feasibility studies and initial preparation and marketing work. Commencement of construction and operation of the Anji Power Plant is still subject to us obtaining the approvals and permits from the relevant government authorities.
- As to approximately HK\$34.0 million, representing approximately 31.5% of the net proceeds from the Share Offer for the balance consideration of the acquisition of 47% minority interests in De-Neng Power Plant in May 2009.
- As to the balance of HK\$10.0 million of the net proceeds, to be used for working capital purpose.

In the event that the Offer Price is fixed at HK\$1.26 per Share, being the lowest point of the indicative price range, the net proceeds will be reduced by approximately HK\$19.4 million. In such circumstances, the Directors intend to reduce the application of the proceeds, as to approximately HK\$14.4 million for the development of Anji Power Plant and as to approximately HK\$5.0 million for the decrease in working capital.

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In the event that the Offer Price is fixed at HK\$1.66 per Share, being the highest point of the indicative price range, the net proceeds will be increased by approximately HK\$19.4 million. In such circumstances, the Directors intend to apply the additional proceeds for the development of Anji Power Plant.

To the extent that the net proceeds of the Share Offer are not immediately required for the above purposes, the Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong.