

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business – Our strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The aggregate amount of the net proceeds from the Global Offering is estimated to be approximately HK\$672.7 million, excluding the exercise of the Over-allotment Option and after deducting underwriting fees and other expenses payable by our Company in connection with the Global Offering, assuming an Offer Price of HK\$2.88 per Share, which is the mid-point of the indicative range of the Offer Price of HK\$2.38 to HK\$3.38 per Share.

We intend to use the net proceeds of the Global Offering to fund the growth of our business and to upgrade our plant and equipment at our existing facilities. We estimate that we will use the net proceeds of the Global Offering as follows:

- up to 67%, or approximately HK\$450 million, will be used for the third and fourth phase construction of production facilities of ethylene oxide with designed annual production capacities of 60,000 MT and 100,000 MT respectively, as well as the construction, equipment purchase and operation in connection with new projects that we are able to identify in the future;
- up to 15%, or approximately HK\$100 million, will be used for potential acquisitions of existing surfactant manufacturing or related business in the PRC to further strengthen our leading market position in China;
- up to 12%, or approximately HK\$80 million, will be used for capital contribution and investment in Sanjiang Honam, a sino-foreign joint venture company jointly established and controlled by Honam Petrochemical Corp. (湖南石油化學株式會社) and us. The capital injected will be used for the construction of production facilities of Sanjiang Honam to produce ethylene oxide;
- up to 6%, or approximately HK\$40 million, will be used for construction of ethylene storage tanks with a total storage capacity of approximately 22,000 cubic metres; and
- the remaining balance, or approximately HK\$3 million, will be used for general working capital purposes.

Assuming the Over-allotment Option is not exercised, the aggregate amount of the net proceeds from the Global Offering is estimated to be approximately HK\$793.9 million if the Offer Price is to be fixed at the high-end of the indicative Offer Price range; and approximately HK\$551.6 million if the Offer Price is to be fixed at the low-end of the indicative Offer Price range.

FUTURE PLANS AND USE OF PROCEEDS

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower point in the indicative Offer Price range. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional shares will be approximately HK\$104.7 million, after deducting underwriting commissions (excluding any incentive fees that we may decide to pay to the Joint Bookrunners and estimated expenses payable), assuming an Offer Price of HK\$2.88 per Share, which is the mid-point of the indicative Offer Price range of the Offer Price of HK\$2.38 to HK\$3.38 per Share. Any additional proceeds received from any exercise of the Over-allotment Option will also be allocated to the above uses on a pro rata basis.

Pending the use of the net proceeds from the Global Offering for the purposes described above, and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong. When we apply the net proceeds for the purposes described above, we will remit the net proceeds into China either by means of making contributions to newly-established PRC subsidiaries, increasing the registered share capital of our PRC subsidiaries or in the form of shareholder's loans to our PRC subsidiaries, all of which will be subject to the approval of and/or registration with competent authorities in accordance with relevant PRC laws and regulations. Until we start to remit the net proceeds of the Global Offering into China, we will not be required to obtain any approval, consent or registration to remit the net proceeds into China.