
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We aim to be the world's leading integrated resource company with a focus on manganese. We intend to implement the following strategies to achieve our objective:

- Developing our manganese resources through exploration and enhancing our strategic control of manganese resources through acquisitions;
- Continuing to diversify our product portfolio and raising our production capacities;
- Continuing to enhance our operational efficiency and profitability;
- Continuing to explore suitable acquisition opportunities in downstream manganese and ferroalloy products; and
- Establishing strategic relationships with selected major customers and industry-leading partners.

Please refer to the section headed "Business — Our Strategies" for further details.

USE OF PROCEEDS

We estimate that the net proceeds to us from the Global Offering will be approximately HK\$1,661.0 million (assuming an Offer Price of HK\$2.425 per Share, being the mid-point of the indicative Offer Price range of HK\$2.10 to HK\$2.75 per Share), after deducting an estimated aggregate amount of underwriting commissions and certain other expenses the Company expects to incur in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. We intend to use the net proceeds to us from the Global Offering as follows:

- approximately 55% of the net proceeds (approximately HK\$913.5 million) will be used to fund development and construction projects in the PRC and Gabon to improve our production capacity, including:
 - (i) an expansion project at Daxin EMD Plant, representing 4.0% of the net proceeds (approximately HK\$66.4 million);
 - (ii) the planned expansion project of underground mining and ore processing operations at Daxin Mine, representing 14.0% of the net proceeds (approximately HK\$232.5 million);
 - (iii) the expansion and construction projects of our EMM production facilities, representing 26.0% of the net proceeds (approximately HK\$431.9 million);
 - (iv) the planned construction project at Chongzuo Base, representing 3.0% of the net proceeds (approximately HK\$49.8 million);
 - (v) the development of Bembélé Manganese Mine and associated facilities, representing 6.0% of the net proceeds (approximately HK\$99.7 million); and
 - (vi) the miscellaneous technological improvement and renovation projects at our production facilities, representing 2.0% of the net proceeds (approximately HK\$33.2 million).

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- approximately 20% of the net proceeds (approximately HK\$333.2 million) will be used for the acquisition of mines, mining rights in relation to mines with identified mining resources or related production facilities;
- approximately 15% of the net proceeds (approximately HK\$249.2 million) will be used to repay the aggregate principal amounts and interest accrued on a portion of our bank borrowings; and
- approximately 10% of the net proceeds (approximately HK\$166.1 million) will be used for working capital and other general corporate purposes.

We plan to use the majority of the net proceeds to us from the Global Offering to expand and develop our manganese production facilities. Our planned expansion and development of the manganese production facilities are based on, among other things, (i) prospective supply and demand of manganese products in the market as expected by our Directors and forecasted by third party market research consultants; (ii) prevailing and anticipated prices for manganese products; (iii) utilization of existing production facilities; (iv) estimated cost of development and construction; (v) expected pace of project execution; and (vi) availability and cost of sufficient capital resources. Our Directors believe that the planned application of the majority of net proceeds to our planned expansion and development projects is reasonable and in the best interest of our Group.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

Any additional net proceeds that we would receive from any exercise, in full or in part, of the Over-allotment Option, may be applied in the manner and proportions stated above. If the Over-allotment Option is exercised in full, we currently estimate that the net proceeds to us will be approximately HK\$1,924.4 million, approximately HK\$1,653.9 million and approximately HK\$2,194.9 million, assuming an Offer Price of HK\$2.425 per Share (being the midpoint of the Offer Price range set forth in this prospectus), HK\$2.10 per Share (being the low end of the Offer Price range set forth in this prospectus) and HK\$2.75 per Share (being the high end of the Offer Price range set forth in this prospectus), respectively. We currently estimate that the net proceeds to us without the exercise of the Over-allotment Option will be approximately HK\$1,661.0 million, approximately HK\$1,426.0 million and approximately HK\$1,896.4 million, assuming an Offer Price of HK\$2.425 per Share (being the mid-point of the Offer Price range set forth in this prospectus), HK\$2.10 per Share (being the low end of the Offer Price range set forth in this prospectus) and HK\$2.75 per Share (being the high end of the Offer Price range set forth in this prospectus), respectively.

To the extent that the net proceeds are not immediately applied for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term deposits with licensed banks in Hong Kong and/or the PRC and/or financial institutions in Hong Kong.