
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Business Strategy” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised) are estimated to be approximately HK\$402.9 million, assuming an Offer Price of HK\$2.45 per Share, or HK\$562.9 million, assuming an Offer Price of HK\$3.25 per Share, (or if the Over-allotment Option is exercised in full, HK\$476.4 million, assuming an Offer Price of HK\$2.45 per Share, or HK\$660.4 million, assuming an Offer Price of HK\$3.25 per Share).

Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$2.85 per Offer Share, being the midpoint of the stated Offer Price range of HK\$2.45 to HK\$3.25 per Offer Share, the net proceeds of the Global Offering would be approximately HK\$482.9 million which we presently plan to use as follows:

- approximately HK\$313.9 million, or 65% of the net proceeds, will be used for the upgrade and expansion of our three existing production plants, namely, Fuzhou Yihua, Fujian Rongchang and Fujian Rongping, including upgrading and purchasing production facilities and the set-up of new production lines, see “Business — Expansion Plans;”
- approximately HK\$120.7 million, or 25% of the net proceeds, will be used to expand our operations through the acquisition of complementary businesses in the production of specialty chemicals, with a primary focus on sodium chlorate and hydrogen peroxide. We are in preliminary discussions with several potential acquisition targets as of the date of this prospectus; and
- approximately HK\$48.3 million, or 10% of the net proceeds, will be used for working capital and other general corporate purposes.

The additional net proceeds that we will receive if the Over-allotment Option is exercised in full will be approximately HK\$85.5 million (assuming the Offer Price at the mid-point of the stated Offer Price range of HK\$2.85). If the Offer Price is fixed at HK\$3.25, being the high end of the stated Offer Share range, our net proceeds will be (i) increased by approximately HK\$80.0 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK\$177.5 million, assuming the Over-allotment Option is exercised in full. If the Over-allotment Option is exercised in full, or if the Offer Price is fixed at the high end of the stated Offer Share range, our Directors intend to apply such additional proceeds for a combination of (i) upgrade and expansion of our three existing production plants, namely, Fuzhou Yihua, Fujian Rongchang and Fujian Rongping, and (ii) expansion of our operations through the acquisition of complementary businesses in the production of specialty chemicals.

If the Offer Price is fixed at HK\$2.45, being the low end of the stated Offer Price range, our net proceeds will instead be (i) decreased by approximately HK\$80.0 million, assuming the Over-allotment

FUTURE PLANS AND USE OF PROCEEDS

Option is not exercised; and (ii) decreased by approximately HK\$6.5 million, assuming the Over-allotment Option is exercised in full. Our Directors currently intend to reduce our use of proceeds earmarked for the expansion of our operations through the acquisition of complementary businesses in the production of specialty chemicals.

To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into demand deposits, short-term time deposits and/or money market instruments.