
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLAN

Please refer to the section headed “Business — Our strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming the Offer Price is HK\$3.63 per Offer Share (being the mid-point of the indicative Offer Price range), we estimate that the aggregate net proceeds to us from the Global Offering will be approximately HK\$645.0 million, after deducting the underwriting fees and other estimated expenses payable by us in connection with the Global Offering. We intend to use the net proceeds from the Global Offering as follows:

- (a) approximately 80%, or HK\$516.0 million, will be used for the purchase of dredgers and dredging equipment. We estimate that these purchases will require capital expenditures of approximately HK\$564 million. The ownership of these dredgers and equipment (including environmental protection dredging equipment) is expected to be equally split between Xiangyu PRC and the PRC Operational Entity.
- (b) approximately 7%, or HK\$45.1 million, will be used for the improvement of existing equipment and machinery of dredgers.
- (c) approximately 3%, or HK\$19.4 million, will be used to support the expansion of our business including the setting up of new project offices and computerization of management information systems.
- (d) approximately 10%, or HK\$64.5 million, will be used for working capital and other general corporate purposes.

The allocation of the proceeds described in (b) through (d) above will be adjusted on a pro-rata basis in the event that the Offer Price is fixed below or above the mid-point of the indicative price range. If the Offer Price is set at the lowest end of the price range (HK\$3.19), the net proceeds will be approximately HK\$561.1 million. If the Offer Price is set at the highest end of the price range (HK\$4.07), the net proceeds will be approximately HK\$729.2 million.

We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholder pursuant to the Over-allotment Option. We estimate that the Selling Shareholder will receive HK\$104.0 million net proceeds, assuming the Over-allotment Option is exercised in full, and assuming an Offer Price of HK\$3.63 per Share (being the mid-point of the indicative Offer Price range), after deducting the estimated expenses payable by the Selling Shareholder.

Our Group will control the costs and identify appropriate the target for the above plans, in particular, the expenditure referred to in paragraphs (a) and (b) above. In the event that the actual capital expenditure should exceed the respective net proceeds obtained from the Global Offering, our Group would then consider whether to utilize our own resources or to further raise funds.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to implement any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorized financial institutions.