
FUTURE PLANS AND USE OF PROCEEDS FROM THE SHARE OFFER

FUTURE PLANS AND PROSPECTS

Please refer to the section headed “Business – Business Strategies” in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$1.27 per Share (being the mid-point of the estimated price range), our Directors estimate that the net proceeds to us from the Share Offer will be about HK\$134.8 million, after deducting the underwriting commissions and other estimated expenses payable by us in relation to the Share Offer. Our Directors presently intend to use the net proceeds from the Share Offer as follows:

- approximately 57.0%, or HK\$76.8 million (equivalent to approximately RMB62.4 million), to finance the expansion of mining capacity of our Yangzhuang Iron Mine. Further details of such plan are set out under the paragraph headed “Business Strategies” under the section headed “Business” of this prospectus; and
- approximately 43.0%, or HK\$58.0 million (equivalent to approximately RMB47.1 million), to finance the first stage of the development plan of our Zhuge Shangyu Ilmenite Mine. Further details of such plan are set out under the paragraph headed “Business Strategies” under the section headed “Business” of this prospectus.

If the Offer Price is set above or below (as the case maybe) HK\$1.27 per Share (being the mid-point of the estimated Offer Price range), we intend to increase or decrease (as the case maybe) the amount of net proceeds allocated to the first stage of the development plan of our Zhuge Shangyu Ilmenite Mine.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of about HK\$24.7 million (assuming that the Offer Price is determined at the mid-point of the stated range) will be allocated to first stage of the development plan of our Zhuge Shangyu Ilmenite Mine.

To the extent that the net proceeds of the Share Offer are not immediately required for the above purposes, our Directors presently intend that such proceeds will be placed into interest-bearing bank accounts such as short-term savings accounts with licensed banks or financial institutions in Hong Kong or in China.

There is currently no concrete plans for us to apply the net proceeds towards the acquisition of any specific property or company to which paragraph 12 of the Third Schedule of the Companies Ordinance applies.