

## FUTURE PLANS

See “Business — Our Business Strategies” for a detailed description of our Company’s future plans.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$7,307.4 million assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK\$48.00 per H Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus.

We intend to apply the net proceeds from the Global Offering as the consideration of RMB8,446.5 million (approximately HK\$10,402.1 million) to be paid to Yitai Group for the Proposed Acquisition. As the net proceeds from the Global Offering are less than the consideration of RMB8,446.5 million as set out in the Assets Transfer Agreement, we intend to pay the shortfall with our internal funds and/or seek other appropriate forms of financing which may include additional bank borrowings.

To the extent that the net proceeds are not immediately applied for the above purposes, and to the extent permitted by PRC law and regulations, we intend to deposit the net proceeds into short-term deposits with licensed banks or financial institutions in Hong Kong and/or the PRC. In the highly unlikely event that the Proposed Acquisition will not be completed, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 27.3% of the net proceeds, or approximately HK\$1,994.9 million, will be used for expanding our railway transportation capacity;
- approximately 8.4% of the net proceeds, or approximately HK\$613.8 million, will be used for carrying out further technology upgrades at our mines;
- approximately 23.8% of the net proceeds, or approximately HK\$1,739.2 million, will be used for funding the construction of the Talahao Mine and the Bulamao Mine;
- approximately 10.5% of the net proceeds, or approximately HK\$767.3 million, will be used for expanding our coal production. Since we are still in the process of screening potential target mines besides the Target Business Group for expanding our coal production, we do not have any committed plan for expenditures as of the Latest Practicable Date;
- approximately 20.0% of the net proceeds, or approximately HK\$1,461.5 million, will be used for repaying our bank loans, a summary of such loans is set out below:

<u>Outstanding amount as of March 31, 2012 (RMB million)</u>	<u>Interest rate (%)</u>	<u>Maturity date</u>
860 .....	7.05	July 2021
610 .....	7.05	July 2018
200 .....	6.21	November 2020

- approximately 10% of the net proceeds, or approximately HK\$730.7 million, will be used for working capital and general corporate purposes.

In the event that the Offer Price is set at HK\$43.00 (being the low end of the indicative Offer Price range of HK\$43.00 to HK\$53.00 per Share as stated in this Prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds received by us will be reduced by approximately HK\$813.3 million (when compared to the net proceeds to our Company with the Offer Price being determined at the mid-point of the stated range and without exercising the Over-allotment Option). In the event that the Offer Price is set at HK\$53.00 (being the high end of the indicative Offer Price range of HK\$43.00 to HK\$53.00 per Share as stated in this Prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds received by us will be increased by approximately HK\$813.3 million (when compared to the net proceeds to our Company with the Offer Price being determined at the mid-point of the stated range and without exercising the Over-allotment Option). In the event that the Over-allotment Option is exercised in full and based on an Offer Price of HK\$48.00 (being the mid-point of the indicative Offer Price range of HK\$43.00 to HK\$53.00 per Share as

## FUTURE PLANS AND USE OF PROCEEDS

stated in this Prospectus), the net proceeds received by us will be increased by approximately HK\$1,171.2 million (when compared to the net proceeds to our Company with the Offer Price being determined at the mid-point of the stated range and without exercising the Over-allotment Option).