
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Business Strategies” for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised and assuming an indicative Offer Price of HK\$41.09 per Share (being the mid-point of the proposed range of the Offer Price), we estimate that the net proceeds to us from the Global Offering, after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, will be approximately HK\$2,105.4 million. We intend to use the net proceeds to us from the Global Offering as follows:

- approximately 30% (approximately HK\$631.6 million) will be used to provide part of the funds required for the production expansion of the Jiama Mine, including:
 - (i) the planned expansion of the ore processing plant and its related tailings storage facilities for the second phase development of the Jiama Mine, representing approximately 12% of the net proceeds (approximately HK\$252.7 million);
 - (ii) the pre-production stripping at the Niumatang Pit in preparation for the Niumatang open-pit mining operations of the Jiama Mine, representing approximately 9% of the net proceeds (approximately HK\$189.5 million);
 - (iii) the development and equipping of the underground mining operation at the Jiama Mine, representing approximately 6% of the net proceeds (approximately HK\$126.3 million); and
 - (iv) the development and construction of miscellaneous supporting and ancillary facilities, representing approximately 3% of the net proceeds (approximately HK\$63.1 million);
- approximately 30% (approximately HK\$631.6 million) for potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect;
- approximately 15% (approximately HK\$315.8 million) will be used for further exploration activities to upgrade and expand the resource and reserve of the Jiama Mine and CSH Mine;
- approximately 20% (approximately HK\$421.1 million) will be used to repay
 - (i) the senior unsecured promissory notes in the principal amount of CAD7.5 million held by China National Gold Hong Kong. The interest rate is 12% per annum and payable on a quarterly basis commencing on September 30, 2007. The maturity date is June 26, 2011; and
 - (ii) the unsecured non-revolving shareholder’s loan we received in December 2009 from China National Gold Hong Kong. The principal amount is US\$40 million, with an interest rate of 6% per annum and payable on a quarterly basis. It matures in December 2011; and
- approximately 5% (approximately HK\$105.3 million) for additional working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

In the event the Offer Price is set below the indicative price of HK\$41.09, we intend to reduce the net proceeds to be used for additional working capital and other general corporate purposes, and also fund the remaining difference with cash generated from operations or bank loans.

In the event the Offer Price is set above the indicative price of HK\$41.09, we intend to use the additional funds to fund potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect.

If the Over-allotment Option is exercised in full and no Pre-IPO Share Options are exercised, based on an indicative Offer Price of HK\$41.09, the net proceeds from the Global Offering are currently estimated to be increased to approximately HK\$2,414.3 million. We intend to use the additional net proceeds to fund potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by PRC law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments.