
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “*Business – Our Business Strategies*” for a detailed description of our future plans and strategies.

USE OF PROCEEDS

The net proceeds from the Global Offering which the Company will receive, after deducting the underwriting commissions and the estimated expenses in relation to the Global Offering and assuming the Over-allotment Option is not exercised, will be:

- approximately HK\$1,183 million, assuming an Offer Price of HK\$23.48 (being the Minimum Offer Price);
- approximately HK\$1,251 million, assuming an Offer Price of HK\$24.66 (being the mid-point of the Offer Price Range); or
- approximately HK\$1,320 million, assuming an Offer Price of HK\$25.84 (being the Maximum Offer Price).

The Company intends to use the net proceeds of HK\$1,251 million, assuming an Offer Price of HK\$24.66 (being the mid-point of the Offer Price Range), from the Global Offering as follows:

- approximately HK\$600.7 million (or approximately 48% of the net proceeds) will be used to repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties. The Syndicated Facility has an interest rate of LIBOR plus 2.8% to 3.1% plus Yanzhou guarantee fees and the unsecured loans from the related parties have an interest rate of 7%. The Syndicated Facility matures in instalments and the unsecured loans from the related parties are due between 2022 and 2024. In each case, the loans have been utilised primarily to finance our capital expenditure and working capital requirements. (See “*Financial Information of the Group – Indebtedness*” for further details);
- approximately HK\$375.4 million (or approximately 30% of the net proceeds) will be used to finance potential acquisitions (as at the Latest Practicable Date, the Company has not identified any targets to be acquired). In deciding whether to invest in or acquire a particular asset or business, we consider multiple key factors, including, among others (i) strategic value-accretion, (ii) the return on investment and (iii) future growth potential and the level of synergies created by the investment;
- approximately HK\$150.2 million (or approximately 12% of the net proceeds) will be used to finance the acquisition of an additional 4% interest in the unincorporated Moolarben joint venture (see “*Financial Information of the Group – Acquisitions, Disposals and Deconsolidation – Moolarben Acquisition*” for further details); and
- approximately HK\$125.1 million (or approximately 10% of the net proceeds) will be used for working capital and general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the Offer Price Range, the net proceeds from the Global Offering will be allocated to the above purposes on a *pro rata* basis, except that if the proceeds to be allocated to the Moolarben Acquisition exceed the purchase price, the difference will be reallocated to repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties.

If the Over-allotment Option is exercised in full, the additional net proceeds which the Company will receive, after deducting the underwriting commissions and the estimated expenses in relation to the Global Offering, will be:

- approximately HK\$204 million, assuming an Offer Price of HK\$23.48 (being the Minimum Offer Price);
- approximately HK\$214 million, assuming an Offer Price of HK\$24.66 (being the mid-point of the Offer Price Range); or
- approximately HK\$225 million, assuming an Offer Price of HK\$25.84 (being the Maximum Offer Price).

In each case, such net proceeds from the Global Offering (with or without the exercise of the Over-allotment Option) will be allocated to the purposes described above on a *pro rata* basis, except that if the proceeds to be allocated to the Moolarben Acquisition exceed the purchase price, the difference will be reallocated to repay outstanding indebtedness of the Group under the Syndicated Facility and, potentially, unsecured loans from related parties.

Pending the deployment of the net proceeds from the Global Offering as described above, the Company intends to deposit such net proceeds into short-term interest bearing deposits and/or money market instruments.