

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

Please see “Business — Our business strategies” for a detailed description of our future plans.

[REDACTED]

We estimate that the net [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), will be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), after deduction of [REDACTED] and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised.

In the event the [REDACTED] is exercised in full and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), we will receive additional [REDACTED] of approximately HK\$[REDACTED] million.

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised, we will receive additional [REDACTED] of approximately HK\$[REDACTED] million.

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised, the [REDACTED] we receive will be reduced by approximately HK\$[REDACTED] million.

We intend to use the entire [REDACTED] of the [REDACTED] for the purposes and in the amounts set out below assuming that the [REDACTED] is not exercised and the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document) of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) for constructing a new beneficiation plant. We intend to allocate:

- approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) for land acquisition costs;
- approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) to for construction costs; and
- approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) for purchasing and installing machinery and equipment.

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In the event that the [REDACTED] is fixed below or above the mid-point of the [REDACTED] range, the [REDACTED] allocated to the above purposes will be adjusted on a pro rata basis. Any additional [REDACTED] received from the exercise of the [REDACTED] will be allocated to the above purposes on a pro rata basis.

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, such [REDACTED] will only be held in short-term demand deposits with licensed banks or authorized financial institutions.

In the event of any material change in our use of [REDACTED] of the [REDACTED] from the purposes described above or in our allocation of the [REDACTED] among the purposes described above, a formal announcement will be made.

REASONS FOR [REDACTED]

Our Directors consider that equity fund raising via the [REDACTED] to be the most appropriate means of fundraising (other than funding solely by internal resources and debt financing), and is considered to be beneficial to our Company and its Shareholders as a whole for the reasons below:

1. **We have a genuine need for funding for expanding our business operation** — Banking facilities and our cash level cannot satisfy the funding needs for expansion of our business. Our Group’s internal resources is only sufficient for our current scale of operations before the implementation of our business strategies and future plans as set out in this document, and we are not able to further increase our reliance on debt financing to finance our expansion plan.
2. **The [REDACTED] will allow us to diversify financing sources for future funding needs** — Our Directors believe that our Group may face difficulty in obtaining banking facilities to implement the future plan of such fundraising amount without guarantees or other form of securities provided by the Controlling Shareholders in favorable terms. As our Group is subject to various financing requirements when seeking borrowings and other facilitates from banks, there is no assurance that our Group could be able to secure sufficient long-term debt financing continuously to finance the future expansion plan. Our Group may be required to provide substantial amount of or additional collateral, guarantees or other form of securities from the Controlling Shareholders, which could affect its flexibility in carrying out the existing business. After the [REDACTED], our Group shall gain access to fundraising means in the capital market. For instance, our Company can conduct secondary fundraising activities by way of issuance of equity and/or debt securities, so as to obtain further funding for future expansion plans. This shall provide another source of funding in addition to debt financing and allow more flexibility in addressing the cost issues when formulating our development plans. Our Directors believe that a [REDACTED] status could also help enhancing our Group’s creditworthiness to banks in order to facilitate its future financing needs, enable our Group to have more flexibility through relying on a combination of equity financing and debt financing instead of relying solely on bank borrowings and enable our Group to have access to wider range of financing sources in the capital market as and when necessary and achieve its expansion plans as efficiently as possible without less exposure to uncertain financial risks in case of any tightening of credit control or change in market condition.

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3. **A [REDACTED] status would improve our corporate image, enhance our competitiveness and strengthen internal control** — Our Directors believe that a [REDACTED] status could improve our corporate image and reinforce our brand awareness which in turn raise our ability in soliciting new business and bargaining power. Our customers will have growing confidence on the quality of our services and reliability of our Group after the [REDACTED]. Our Directors believe that a [REDACTED] status can facilitate the establishment and development of business relationships with our customers. Moreover, with a [REDACTED] status, we expect that we can be more capable of negotiating more favorable terms with our customers, suppliers and third-party service providers, due to the improved corporate profile and brand image.

In light of the above, our Directors consider the [REDACTED] would provide us an important capital base to achieve our business objective and pursue long-term development.