

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) from the [REDACTED], assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us and assuming the initial [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range.

The following table sets forth the timeline for our use of net [REDACTED] from the [REDACTED]:

	For the year ending 31 March				Approximate percentage of net
	2024	2025	2026	Total	[REDACTED]
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	%
Heilongjiang Logistics and Production Centre	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
New Sichuan Production Facility	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Upgrading and Replacement of Equipment and Machinery	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and Development Centre	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General Working Capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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We currently intend to apply the net [REDACTED] from the [REDACTED] for the purposes and in the amounts as set out below:

Heilongjiang Logistics and Production Centre

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED], is intended to be used to construct the Heilongjiang Logistics and Production Centre, of which
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for acquisition of land;
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for the construction of the designated railway lines;
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for construction costs;
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for purchasing of equipment and machinery; and
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for installation and miscellaneous costs.

Background and Geographic Importance

According to the Frost & Sullivan Report, the imported KCL is of significance to the potash fertiliser market in China due to the limited supply from domestic potash reserves. In 2022, approximately 50% of the total KCL sales volume in China is sourced from foreign countries. Given that the high domestic demand in the PRC for imported KCL and the experience we have accumulated at our production facilities in the granulating, processing, packaging and storage of KCL, we intend to construct the Heilongjiang Logistics and Production Centre in Tongjiang City, Heilongjiang Province primarily for the granulating, processing, packaging and storage of KCL for our KCL and other KCL importers.

Tongjiang City is located in the northern part of the Heilongjiang Province and south of the Songhua Rivers. It is one of the 63 key commodity grain and animal husbandry bases identified by the PRC government. Specially, we intend to construct the Heilongjiang Logistics and Production Centre in the Tongjiang Economic Development Zone, which is a provincial

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economic development zone approved by the provincial government and approved by the NDRC. It is located to the east of the Tongsan Expressway* (同三高速公路) and to the south of the Tongfu Highway* (同撫公路), with a planned area of approximately 31.6 square kilometers and a construction land area of approximately 10.6 square kilometers. To facilitate the development of Tongjiang City, a cross border bridge (the “**Tongjiang China-Russia Heilongjiang Railway Bridge**”) is constructed. The Tongjiang China-Russia Heilongjiang Railway Bridge connects the Tongjiang port with the Nizhnelenskoye port in Russia and to the Russian Far Eastern Railway. The Tongjiang China-Russia Heilongjiang Railway Bridge opens up a new railway transportation channel to Russia and a new border connecting China to Russia (the “**Tongjiang Border**”). The railway distance from Heilongjiang to Moscow via Tongjiang is shortened by several hundred kilometers compared with the Suifenhe port, thereby saving transportation time and easing the transportation loads of Manzhouli and Suifenhe railway ports. It is expected that the Tongjiang China-Russia Heilongjiang Railway Bridge will assist in the development of the Northeast region of the PRC. Given the importance of the Tongjiang China-Russia Heilongjiang Railway Bridge, as part of the construction of the Heilongjiang Logistics and Production Centre, we will also construct two designated railways to connect the Heilongjiang Logistics and Production Centre to the railway track field of the Tongjiang North Station which allows imported KCL to be transported to the Heilongjiang Logistics and Production Centre directly.

Investment Steps and Terms

On 26 April 2022, our Group acquired 100% equity interest in Tongjiang Migao at a consideration of RMB1 from Liaoning Migao to support our development plan to build the Heilongjiang Logistics and Production Centre to enhance the product supply efficiency and capability. Tongjiang Migao became our indirect wholly-owned subsidiary after the acquisition.

In May 2022, we have entered into a project investment agreement with the local authorities in respect of our investment in the Heilongjiang Logistics and Production Centre. Below are certain key terms of the project investment agreement:

- **Investment Amount:** The total investment amount will be RMB1,600 million with a total site area of 530,000 sqm. The total investment amount is inclusive of the working capital and purchase of inventory for the operations of the Heilongjiang Logistics and Production Centre for three years from the commencement of its construction. The total investment amount will be funded from internal resources, external borrowings, net [REDACTED] from the [REDACTED] and cashflow from the operations of the Heilongjiang Logistics and Production Centre.
- **Production and Storage:** Granulating lines with a total of one million tonnes capacity; packaging line with a total of three million tonnes capacity; and storage space with a total of 500,000 tonnes capacity.

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- Land Acquisition: The land will be offered for sale through public listing in accordance with the laws and the price will be determined in accordance with land usage sale contract.
- Land Use: The land is used for the construction of the project only.
- Rights and Obligations: We are required to comply with the relevant laws and regulations in relation to environment protection and safety provisions and ensure completion of project in accordance with the agreement. We also agree to continue to pay relevant taxes to the local authorities and not to relocate for the next 10 years.
- Preferential Policy: The local government will offer various preferential policies to us.

On 21 September 2022, we entered into a land use right acquisition agreement with the local authorities to acquired a parcel of land in Tongjiang City, Heilongjiang Province with a site area of approximately 368,104.7 sqm for the construction of the Heilongjiang Logistics and Production Centre. The acquisition price for the land use right is RMB60,210,000 and we had paid the acquisition price as at the Latest Practicable Date.

We also entered into (i) a special designated railway connecting line agreement with a local state-owned enterprise (the “**Railway SOE**”) to connect our Heilongjiang Logistics and Production Centre to the railway track field of the Tongjiang North Station with designated railway lines; and (ii) a lease agreement with the Railway SOE to lease the land through which the designated railway lines will pass to connect to the railway track field of the Tongjiang North Station. The designated railway lines will be used primarily for the transport of potash products. Please refer to the sections headed “Risk Factors – Risks Relating to Our Business – We may face fines in relation to leased properties or may not be able to continue to use certain buildings on the leased properties or use the land we leased” and “Business – Land and Properties – Land” in this document for further information.

Construction Plan and Investment Costs

For the Heilongjiang Logistics and Production Centre, it will consist of facilities for the granulating, processing, packaging and storage of KCL. The estimated capacity for KCL granulation is expected to be around one million tonnes, the estimated capacity for KCL processing is expected to be around two million tonnes and the storage capacity is expected to be around 500,000 tonnes. 35 lines of automatic conveyor and processing and packaging lines are expected to be constructed. We also expect to construct 10 KCL granulating lines. The construction of the designated railway is also included in the construction plan of the Heilongjiang Logistics and Production Centre. Site formation and infrastructure works have been commenced and we expect to complete construction of the Heilongjiang Logistics and Production Centre in the second half of 2025. The total site area of the Heilongjiang Logistics and Production Centre (including the railway) is expected to be approximately 530,000 sqm.

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Upon completion of the construction of the Heilongjiang Logistics and Production Centre, our estimated production capacity of KCL will increase to approximately 1,390,000 tonnes from 390,000 tonnes as at the Latest Practicable Date and our storage capacity will increase by 500,000 tonnes.

We expect that the investment costs for the Heilongjiang Logistics and Production Centre to be approximately RMB[REDACTED] million, of which approximately (i) RMB[REDACTED] million is the land acquisition costs; (ii) RMB[REDACTED] million is the designated railway lines construction costs; (iii) RMB[REDACTED] million is the construction costs; (iv) RMB[REDACTED] million is for purchasing of equipment and machinery; and (v) RMB[REDACTED] million is installation and miscellaneous costs. We plan to use our internal resources, external borrowings, and the net [REDACTED] from the [REDACTED] as set out above to fund the investment of the Heilongjiang Logistics and Production Centre.

Assuming that, among others, (i) total hiring of an additional 62 employees; (ii) property, railway and buildings with 20 years depreciation period; (iii) equipment and machinery with 10 years depreciation period; (iv) maintenance fees of 2% of the fixed assets; (v) other manufacturing fees of 2% of the fixed assets; (vi) other management fees of 50% of salary and staff benefits; (vii) other sale expenses of 3.0% of revenue; (viii) utilisation rate of KCL granulating lines and processing lines to reach 70% for the first year of operation, 90% for the second year of operation and 100% for the third year of operation and onwards; (ix) KCL processing service fee of RMB75 per tonne, KCL granulating service fee of RMB150 per tonne and storage fee of RMB360 per tonne; (x) other operation expenses of 6.0% of revenue; and (xi) corporate income tax rate of 25% with no preferential tax treatment, the breakeven point of the Heilongjiang Logistics and Production Centre, i.e., the amount of sales required to cover its costs and expenses, is approximately within three years from the commencement date of its construction. The expected time required for the Heilongjiang Logistics and Production Centre to recover the investment costs, i.e., the payback period, is approximately 7.5 years from the commencement date of its construction. As at the Latest Practicable Date, we had incurred approximately RMB69.1 million for land acquisition and RMB0.9 million for construction of the Heilongjiang Logistics and Production Centre.

The following table sets out a breakdown of our main investment amount with respect to (i) land acquisition, (ii) construction of designated railway lines, (iii) construction, (iv) equipment and machinery acquisition, and (v) installation and miscellaneous costs of the Heilongjiang Logistics and Production Centre for the years specified.

	For the year ended/ending 31 March		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Land acquisition	69,721	33,674	–
Construction of designated railway lines	–	119,855	–

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	For the year ended/ending 31 March		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Construction	–	162,856	40,714
Equipment and machinery	–	44,256	69,544
Installation and miscellaneous costs	–	19,892	31,258
Total	69,721	380,532	141,517

Justification for Construction of the Heilongjiang Logistics and Production Centre

By having the Heilongjiang Logistics and Production Centre, we can transport the KCL from ports/stations to the Heilongjiang Logistics and Production Centre and granulate, process, package and store the KCL ourselves, which will facilitate our upstream integration of our supply chain to enhance operational efficiency. More specifically, there are five main advantages to have the Heilongjiang Logistics and Production Centre: (i) expand import channel of KCL; (ii) improve the efficiency of our supply of KCL to our customers; (iii) improve our own production at our production facilities; (iv) alleviate the over utilisation of our KCL granulating lines; and (v) generate additional revenue by providing other KCL importers with professional storage management solutions.

(i) Expand import channel of KCL

According to the Frost & Sullivan Report, in 2022, around 50% of potash fertiliser sales volume in China needs to be imported from abroad. In 2022, potash fertiliser imported by sea accounted for approximately 85% of the total imported potash fertiliser in China, while potash fertiliser imported by ground transportation accounted for approximately 15% of the total imported potash fertiliser in China. Substantially all of the potash fertiliser imported by ground transportation were imported from Russia through railway. The existing potash fertiliser import ports mainly include Manzhouli and Erenhot in the Inner Mongolia Autonomous Region, and Suifenhe in Heilongjiang Province. The Tongjiang Border where the Heilongjiang Logistics and Production Centre will be situated in its vicinity will become a new border for importing KCL from Russia by railway.

There is a growing trend of importing KCL from Russia through ground transportation by railway than by sea. From 2019 to 2022, the import of KCL from Russia by sea as a percentage of total import volume of KCL from Russia decreased from approximately 75% to 33%, while the import of KCL from Russia by ground transportation through railway as a percentage of total import volume of KCL from Russia increased from approximately 25% to 67%.

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With the opening of the new border (the Tongjiang Border) for importing KCL from Russia by railway, the Heilongjiang Logistics and Production Centre will be able to take advantage of the Tongjiang Border and provide customers with railway transport services for KCL imported through the Tongjiang Border and also to provide KCL granulating, processing, packaging and storage services to them, which is expected to have a positive growth given the growing trend of importing KCL from Russia through ground transportation by railway. Further, we will also concentrate our import of KCL from Russia through the Tongjiang Border which will lower our own transportation costs as we no longer would need to transport the KCL from the other borders to our Changchun Production Facility and Anda Production Facility for granulation and processing.

- (ii) Improve the efficiency of our supply of KCL to our customers

For imports of KCL from overseas suppliers directly or through our designated agent, the imports usually come in several batches with limited volume per batch. Due to the seasonal factors of planting, our customers generally make the majority of their purchases during our busy season and may place orders on large volume of KCL. Given that our current system which is to process, package and store majority of our KCL from overseas at ports/stations and/or at our production facilities, our customers with large orders need to arrange multiple pick ups of our KCL from the ports/stations and/or our production facilities, which reduces the efficiency of our supply management and increases our customers’ logistics cost. With the establishment of the Heilongjiang Logistics and Production Centre to centrally granulate, process, package, store and manage our KCL inventory, we believe this will improve our supply efficiency and ultimately enhance our customers’ satisfactions.

In addition, our agricultural reclamation company customers or agribusiness company customers have their agricultural sites or fertiliser production facilities located in different planting zones in China and their order of fertiliser products need to be delivered to those sites or production facilities on a timely basis. Given that our long term relationship with some of our customers and our familiarity with their needs, we intend to establish a supply chain data management system at the Heilongjiang Logistics and Production Centre which can connect to our customers’ supply chain management systems to ensure timely delivery of products to our customers according to their needs and demand. We believe this is not a service currently offered by port/station operators or port/station service companies and our customers would appreciate the additional supply chain management services we can offer them. The expected cost for the development of the supply chain data management system is approximately RMB20.6 million and it is included as part of the investment costs of the Heilongjiang Logistics and Production Centre.

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- (iii) Improve our own production at our production facilities

KCL is an essential raw material for our manufacturing of our other potash fertiliser products. During our busy season, it is important that we have accurate records of our KCL inventory in order to ensure our production schedule would not be delayed. Currently, we have to constantly communicate with the various port/station operators or port/station service companies to monitor our KCL inventory. With the establishment of the Heilongjiang Logistics and Production Centre, we can easily manage and coordinate our distribution of KCL to our various production facilities to ensure timely delivery of KCL to our production facilities for production and to effectively manage the sale of our fertiliser products to our customers as well. Therefore, we believe this would further strengthen our production plan and sales arrangement and enhance operational efficiency. Further, with the increased storage capacity, it will give us greater flexibility to manage our inventory as we can purchase more KCL when its price is low for use in our production and operation when needed.

- (iv) Alleviate the over utilisation of our KCL granulating lines

During the Track Record Period, the utilisation rate of KCL at our production facilities were constantly over 95%. For FY2021, FY2022 and FY2023, the utilisation rate of KCL even exceeded 100% and this created constraint on our capability to satisfy our customers' demand for granulated KCL. With the addition of 10 KCL granulating lines with a total estimated annual production capacity of 1,000,000 tonnes of granulated KCL at the Heilongjiang Logistics and Production Centre, it could help to alleviate the over utilisation of our KCL granulating lines at our Changchun Production Facility and Anda Production Facility. If we do not have the existing constraint on our KCL granulating lines utilisation, we can increase our sales of granulated KCL to our existing customers and also explore new cooperation opportunities with potential customers and thereby increase our revenue and gross profit.

- (v) Generate additional revenue by providing other KCL importers with professional storage management solutions

KCL is soluble and easily dissolved in water. The higher the purity of KCL, the easier for it to absorb moisture and agglomerate. KCL is also easy to react with active metal powders and alkali alcohols. Therefore, proper storage of KCL require a dry and clean environment. Based on our years of experience in the management of our warehouses, we can provide other KCL importers with professional potash fertiliser storage management solutions including real-time warehouse data sharing, integration of supply chain management systems and automated packaging.

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New Sichuan Production Facility

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for the investment and construction of our New Sichuan Production Facility, among which:
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for acquisition of land;
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for construction costs;
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for purchasing of equipment and machinery; and
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for installation and miscellaneous costs.

For further details, please refer to the section headed “Business – Expansion Plan” in this document.

Upgrading and Replacement of Equipment and Machinery

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used to purchase new equipment and machinery for replacement of existing equipment and machinery and to purchase new environmental and automatic equipment and machinery for our Guangdong Production Facility, Changchun Production Facility and Daxing Production Facility. Most of the major equipment and machinery we intend to replace are equipment and machinery with less than three years of remaining useful life. The total original cost of these pieces of equipment and machinery was approximately RMB91.1 million which accounted for approximately 18.9% of our total original cost of equipment and machinery as at 31 March 2023. These pieces of equipment and machinery mainly include equipment and machinery for our production lines, equipment for cooling and HCL acid making, Mannheim reacting furnaces, and related power and energy supply equipment. It is estimated that the total purchase costs of new equipment and machinery is approximately RMB[REDACTED] million, which will be funded by the net [REDACTED] from the [REDACTED] and our internal resources. We intend to begin the replacement from April 2024 and complete the replacement by September 2025. As we intend to carry the replacement during the low season of our production, we do not expect that the temporary suspension of certain of our production lines due to replacement of equipment and machinery will have any material adverse impact to our operations. During the Track

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Record Period, our total capital expenditure on equipment and machinery upgrade and replacement for these three production facilities were in aggregate approximately RMB12.8 million. The upgrading and replacement of equipment and machinery at our Guangdong Production Facility and Changchun Production Facility will enhance and improve the environmental standards of our production in those facilities, which is invaluable to our operations and our compliance with relevant environmental laws and regulations. The upgrading and replacement of equipment and machinery at our Daxing Production Facility will allow us to adopt automatic production processes at the facility which will thereby increase our production efficiency and lower relevant work safety risks.

Research and Development Centre

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used to fund the construction of a research development centre (the “Sichuan R&D Centre”), of which
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for construction costs of the Sichuan R&D Centre; and
 - o approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for purchasing of equipment and machinery.

Through our research and development of production processes and advanced technologies, we believe we have increased our production efficiency by enhancing our production capacity, reducing labours, decreasing energy consumption and lowering our production costs. To further facilitate our research and development, we intend to construct the Sichuan R&D Centre in Chengdu City, Sichuan Province to centralise our research and development team to enhance its efficiency.

Under our existing SOP manufacturing process, SOP is manufactured as the main product while HCL is manufactured as the by-product. HCL is a toxic substance and is highly corrosive. It is required to be stored in specific closed tanks in separate storage space, and the storage of HCL has taken a large amount of our warehouse storage space. To improve our SOP manufacturing process, we have been developing a new process which will allow us to manufacture SOP as the main product and compound fertilisers, instead of HCL, as the by-product. This will improve our SOP production lines utilisation as our SOP manufacturing has historically been limited by the storage and sale of HCL, its by-product. Further, the new manufacturing process will also enhance our revenue generating capability since compound fertiliser products are sold for a much higher price than HCL and has less stringent storage requirements. For FY2023, our average selling price of compound fertiliser products was approximately RMB2,501.8 per tonne, while our average selling price of HCL was only approximately RMB363.9 per tonne.

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We intend to complete the testing and development of the new SOP manufacturing process at the Sichuan R&D Centre so we can begin commercialisation of the new SOP manufacturing process at our production facilities as soon as possible. We will also build testing units for the research and development of individual processes such as evaporation, crystallisation and drying processes.

On 11 August 2022, we incorporated Migao Century (Chengdu) to support the centralisation of our research and development and to build and operate the Sichuan R&D Centre for the testing and development of the new SOP manufacturing process and other processes.

Construction Plan and Investment Costs

For the Sichuan R&D Centre, it will consist of, among others, a research and development office building, a research and development facility, a testing SOP manufacturing line utilising the new SOP manufacturing process, and three testing materials and products warehouses. The total site area of the Sichuan R&D Centre is expected to be approximately 202,000 sqm to 243,000 sqm. We expect to commence construction of the Sichuan R&D Centre in the second half of 2024 and complete construction in the second half of 2025.

We expect that the investment costs for the Sichuan R&D Centre to be approximately RMB[REDACTED] million, of which approximately (i) RMB[REDACTED] million is the land acquisition cost; (ii) RMB[REDACTED] million is the construction costs; and (iii) RMB[REDACTED] million is the for purchasing of equipment and machinery. We plan to use our internal resources, external borrowings, and the net [REDACTED] from the [REDACTED] as set out above to fund the construction of the investment of the Sichuan R&D Centre.

The following table sets out a breakdown of our main investment amount with respect to the land acquisition, construction, and purchase of equipment and machinery of the Sichuan R&D Centre for the years specified.

	For the year ending 31 March	
	2025	2026
	RMB'000	RMB'000
Land acquisition	15,000	–
Construction	11,250	11,250
Equipment and machinery	41,250	41,250
Total	67,500	52,500

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General Working Capital

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] will be used for additional working capital and other general corporate purposes.

If the [REDACTED] is fixed at the high-end of the indicative [REDACTED] range, being HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised, the net [REDACTED] we receive from the [REDACTED] will increase by approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). We intend to apply the additional net [REDACTED] for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low-end of the indicative [REDACTED] range, being HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised, the net [REDACTED] we receive from the [REDACTED] will decrease by approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). We intend to reduce the net [REDACTED] for the above purposes on a pro-rata basis.

If the [REDACTED] is exercised in full, we estimate that we will receive additional net [REDACTED] of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), assuming an [REDACTED] of HK\$[REDACTED] per Share, being the midpoint of the indicative [REDACTED] range. If the [REDACTED] is set at the high-end of the indicative [REDACTED] range, the additional estimated net [REDACTED] upon full exercise of the [REDACTED] will be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). If the [REDACTED] is set at the low-end of the indicative [REDACTED] range, the additional estimated net [REDACTED] upon full exercise of the [REDACTED] will be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). In the event the [REDACTED] is exercised in full, we intend to apply the additional net [REDACTED] for the above purposes on a pro-rata basis.

To the extent that the net [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net [REDACTED] into short-term demand deposits with authorised financial institutions and/or licenced banks in the PRC or Hong Kong.

We will issue an announcement in the event that there is any material change in the use of [REDACTED] from the [REDACTED] as set out above.