

## FUTURE PLANS AND [REDACTED]

### FUTURE PLANS

Please refer to the section headed “Business — Business Strategies” of this document for details of our future plans.

### USE OF [REDACTED]

We estimate that the net [REDACTED] from the [REDACTED] (after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share as stated in the [REDACTED], and that the [REDACTED] is not exercised, will be approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]). We currently intend to apply the net [REDACTED] from the [REDACTED] in the following manner:

1. Increase our production capacity and capabilities to expand our scale of operation:

Approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing approximately 73.0% of the net [REDACTED] from the [REDACTED], will be used to partially finance the construction of the New Production Facility with an estimated building area of approximately 45,390 sq.m.. It is planned that the construction will be completed in two phases, with the first phase for the construction of the production compartment for SRU and VOCs incineration equipment and catalytic cracking equipment and ancillary facilities (including warehouses for finished goods and materials and testing facilities); and the second phase for the construction of the administrative office, dormitories and supporting facilities are planned to be completed within the first quarter of 2025 and by the first quarter of 2026, respectively.

It is expected that major capital expenditure required for constructing the New Production Facility includes (i) the construction cost; (ii) the purchase costs of machinery and equipment; and (iii) installation cost.

The estimated investment for the New Production Facility would be approximately RMB98.5 million. The estimated investment for the construction costs and capital expenditure for the purchase of machinery and equipment of approximately RMB98.5 million is based on market quotations obtained from a PRC certified cost engineer and equipment providers. We will be

## FUTURE PLANS AND [REDACTED]

relying on the net [REDACTED] from the [REDACTED], our internal resources and/or via external financing, with the following detailed items breakdown:

	Net [REDACTED] from the [REDACTED] to be used		Total estimated investment cost
	<i>RMB'million</i>	<i>HK\$million</i>	<i>RMB'million</i>
Construction cost	[REDACTED]	[REDACTED]	81.7
Purchase costs of machinery and equipment	[REDACTED]	[REDACTED]	14.8
Installation cost	[REDACTED]	[REDACTED]	2.0
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>98.5</u>

The following sets out the timeline of our investment in the New Production Facility:

	Investments to be made during each period indicated					Total
	The Latest Practicable Date to 30 June 2024	1 July 2024 to 31 December 2024	1 January 2025 to 30 June 2025	1 July 2025 to 31 December 2025	1 January 2026 to 30 June 2026	
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Construction costs	—	23.9	40.2	5.0	12.6	81.7
Purchase costs of machinery and equipment	—	—	14.8	—	—	14.8
Installation cost	—	—	2.0	—	—	2.0
	<u>—</u>	<u>23.9</u>	<u>57.0</u>	<u>5.0</u>	<u>12.6</u>	<u>98.5</u>

We intend to partially finance the construction cost, purchase costs of the machinery and equipment and installation cost of the New Production Facility of approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) by the net [REDACTED] from the [REDACTED] and the remaining costs of approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) will be financed by our internal resources and external financing (if necessary).

## FUTURE PLANS AND [REDACTED]

It is estimated that approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing 7.8% of the net [REDACTED] from the [REDACTED], will be used to partially finance the purchase costs of the machinery and equipment of the New Production Facility. The following table sets forth the major additional machinery (with an estimated net [REDACTED] to be utilised over RMB[REDACTED] million) we intend to acquire for the New Production Facility:

Machinery	Function	Unit	Total estimated purchase costs <i>RMB'million</i>
Double beam bridge crane (雙梁橋式起重機)	Big-size material lifting, hosting, and transportation	7	6.0
Integrated welding fume purification system (集成式焊接煙塵淨化系統)	Welding fumes collecting, processing and later discharging	1	2.6
Other machinery and equipment, which the estimated [REDACTED] to be utilised for each of them is estimated to be below RMB1.0 million or not			6.2
Total			<u><u>14.8</u></u>

2. Further strengthening our design and research and development capabilities:

Approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing approximately 17.5% of the net [REDACTED] from the [REDACTED], will be used to enhance our design and research and development capabilities, among which:

- (a) approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing 17.5% of the net [REDACTED] from the [REDACTED], will be used to acquire the machinery and equipment of research and development purpose.

## FUTURE PLANS AND [REDACTED]

- (b) approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing approximately 12.1% of the net [REDACTED] from the [REDACTED], will be used for recruitment and expansion of our R&D team. It is planned that the net [REDACTED] will be used for the payment of wages and related social insurance expenses for approximately 18 months after [REDACTED]. It is planned that these staff will work at our research and development centres in Shanghai and Luoyang city. The table below sets forth our Group’s plan on the additional staff to be employed:

Position	Expected number of recruits	Qualification requirements
Pipe design technician (配管設計技術員)	4	Bachelor’s degree or above; candidates should possess 5–10 years of experience in piping and equipment layout in petrochemical industry, with the ability to design and review piping design plans.
PDMS engineer (PDMS工程師)	1	Bachelor’s degree or above, candidates should possess more than 5–10 years of PDMS management experience, with professional software secondary development and integration capabilities.
Pressurised pipe engineer (配管應力工程師)	1	Bachelor’s degree or above; candidates should possess 5–10 years of experience in pressurised pipe analyse and have the ability to audit stress analysis.
Production engineer (工藝工程師)	2	Bachelor’s degree or above; candidates should possess 5–10 years of experience in process design in petrochemical industry, and the ability to review process plans; one of them is required to design and hold a registered chemical professional certificate.
Static equipment design technician (靜態設備設計技術員)	1	Bachelor’s degree or above, candidates should possess 5–10 years of experience in static equipment design and the ability to review proposals.
Boiler design technician (加熱爐設計技術員)	1	Bachelor’s degree or above; candidates should possess 5–10 years of experience in boiler design and the ability to review proposals.
Dynamic equipment design technician (動態設備設計技術員)	1	Bachelor’s degree or above; candidates should possess more than 10 years of experience in dynamic equipment design and the ability to review proposals.

## FUTURE PLANS AND [REDACTED]

Position	Expected number of recruits	Qualification requirements
Electronic equipment design technician (電氣設計技術員)	1	Bachelor's degree or above; candidates should possess 5–10 years of experience in electronic equipment design, with the ability to review process plans.
Structural design technician (結構設計技術員)	1	Bachelor's degree or above; candidates should possess 5–10 years of experience in structural design in petrochemical industry, with the capability of scheme review; one of them is required to hold a registered structural professional certificate.
Non-metal equipment R&D engineer (非金屬設備研發工程師)	1	Master's degree or above; candidates should graduate from Equipment Development and Chemical Machinery, and possess over 3 years of experience in non-metal material design.
Project engineer (項目工程師)	1	Bachelor's degree or above; candidates should graduate from Thermodynamics or Chemical Engineering and possess over 5 years of project experience in on-site management in petrochemical systems.
Commissioning engineer (調試工程師)	1	Bachelor's degree or above; candidates should graduate from Thermodynamics or Chemical Engineering and possess over 3 years of project experience in on-site operation.
New product manufacturing process engineer (新產品製造工藝工程師)	1	Bachelor's degree or above, the candidate should possess more than 5 years of equipment manufacturing process experience in chemical industry.
Quality engineer (質量工程師)	1	Bachelor's degree or above; candidates should graduate from Mechanical, and possess over 3 years of project experience in quality control.
Total	<u>18</u>	

- (c) approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing approximately 2.8% of the net [REDACTED] of the [REDACTED], will be used for engaging in collaborative research and development programs with universities and research institutions.

## FUTURE PLANS AND [REDACTED]

### 3. General working capital:

approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), representing approximately 9.5% of the net [REDACTED] from the [REDACTED] will be used for our general working capital and general corporate purposes.

Assuming that the [REDACTED] is not exercised at all, if the final [REDACTED] is set at the highest or lowest point of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

Assuming that the [REDACTED] is exercised in full, we estimate that the additional net [REDACTED] from the [REDACTED] of these additional [REDACTED] to be received by us, after deducting [REDACTED] fees and estimated expenses payable by us, will be approximately (i) HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is fixed at the high-end of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED]; (ii) HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is fixed at the mid-point of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED]; and (iii) HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is fixed at the low-end of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED].

The net [REDACTED] will be used in the same proportions as disclosed above irrespective of: (i) whether the [REDACTED] is determined at the highest or lowest point of the indicative [REDACTED] range; and (ii) whether the [REDACTED] is exercised.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will deposit the net [REDACTED] from the [REDACTED] into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions.