

## FUTURE PLANS AND [REDACTED]

### FUTURE PLANS

See “Business — Our Future Strategy” in this document for a detailed description of our future plans.

#### [REDACTED]

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

- (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used on the optimising our Group’s production capacity, while effectively extending our geographical presence in the PRC and certain overseas countries to consolidate our position as one of the leading suppliers of fine chemical materials in the PRC:
  - We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on the partial financing of the production activities of our production plant located in Huludao, Liaoning (“**Huludao Production Plant**”). Among the expenditure of HK\$[REDACTED], HK\$[REDACTED] will be spent on the financing of the acquisition of and installation of production machinery and tools such as compound kettles, reaction kettle and storage tanks, which is expected to be applied in the production process for cement admixture, concrete admixture and polycarboxylic acid mother liquor. The remaining HK\$[REDACTED] is expected to be applied in the purchase of raw materials necessary for the production expected to take place at the Huludao Production Plant after our [REDACTED].
  - We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on acquisition and installation of production machinery in our Ningbo Production Plant, which is expected to be applied in the production process for our upcoming new product, ethylene carbonate (碳酸乙烯酯). We expect that our production capacity for ethylene carbonate after our installation of relevant production machinery to be 20,000 tonnes.
  - We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on the construction of overseas production plants located in Uzbekistan and Indonesia (“**Overseas Plant(s)**”), Among the expenditure of HK\$[REDACTED], HK\$[REDACTED] will be spent on the establishment of a production plant (including the rental fees for the site on which the production plant will be built for a term of ten years and the costs involved in the construction of the plant), HK\$[REDACTED] is expected to be applied in the purchase of raw materials

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necessary for the production expected to take place at the Overseas Plants and HK\$[REDACTED] will be spent on the acquisition and installation of machineries such as compound kettles and storage tanks, which is expected to be applied in the combination process for cement admixture and concrete admixture. Overseas Plant in Uzbekistan is expected to complete its establishment by the fourth quarter of 2024, and commence operation from the first quarter of 2025. Overseas Plant in Indonesia is expected to complete its establishment by the second half of 2025, and commence operation from the third quarter of 2025.

- We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on enhancing the extent of automation and digitalisation in our Group’s production processes. Specifically, our Group will acquire systems such as a financial data software, intelligent monitoring and alarm system and the development of automation software for the enhanced automation of our production process to enhance the automation and digitalisation.
  - We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) to strengthen the production infrastructure of our Group so as to improve the sustainability and environmental effects of our production processes. In particular, we will enhance the safety and environmental effects of our production process, with the ultimate aim of rendering our production process sustainable with regards to its environmental impact. In particular, the amounts will be applied to (i) the purchase of exhaust gas absorption system or regenerative exhaust gas incinerator and the maintenance expense thereof and (ii) safety consultations by production, environmental protection, fire protection, occupational and health experts.
- (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to implement marketing initiatives to increase and reinforce our market presence in the cement and concrete manufacturing industry in the PRC and globally. In order to capture the expected growth from cement and concrete admixture industries in the PRC, Uzbekistan and Indonesia, (for details of the expected growth in respective market, see “Industry Overview” in this document and see “Business — Our Future Strategy — Optimising our Group’s production capacity, while effectively extending our geographical presence in the PRC and certain overseas countries to consolidate our position as one of the leading suppliers of fine chemical materials in the PRC” in this document) we plan to expand our sales network by (i) recruiting more than 60 sales staff, some of whom are responsible for devising our marketing plan and identifying new sales channels for our products in the PRC and some of whom are responsible for exploring opportunities more customers in the overseas market. We seek sales staff with at least a tertiary education background, majoring in subjects such as marketing, business management, trading, economics, accounting, etc. We generally have no specific requirement regarding the working experiences of sales staff, since all positions will be entry level upon recruitment and the salary for such sales staff typically falls between [REDACTED] and [REDACTED] per year; and (ii) attending more industry exhibitions and trade fairs.

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(iii) approximately [REDACTED]% or HK\$[REDACTED], will be used to devote further resources to our R&D initiatives which underpins our market position;

- We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on supporting our various R&D initiatives to further research the possibilities of product feature, functionalities and the enhancement of production technologies. Of the HK\$[REDACTED], we plan to spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on upgrading one of our technology centres (including the leasing of a new office and dormitory for R&D personnel) to undertake an additional number of R&D initiatives on top of our ongoing R&D projects. Approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) will be applied to our R&D projects undertaken by our upgraded technology centre, composing of raw materials cost, testing fees and patent fees. Approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) will be spent on hiring relevant R&D staff with work experience relating to the R&D of admixture products for such R&D initiatives;

The table below set out our recruitment plan for R&D staff, including the number of hires, as well as selection criteria such as required experience, qualifications and salary range:

Position	Number of Hires	Required experience	Qualifications	Salary range
R&D specialist . . .	60	<ol style="list-style-type: none"> <li>1. Familiar with the production process of cement and concrete admixtures.</li> <li>2. Capable of conducting products audits, review on the products’ functionality performance, etc.</li> </ol>	Master’s degree or above in applied chemistry, chemical engineering, polymer materials or other related field	Approximately RMB [REDACTED] per year
R&D managing officer . . . . .	5	<ol style="list-style-type: none"> <li>1. Hold a professional engineer title or equivalent in cement or chemical engineering.</li> <li>2. Capable of managing R&amp;D personnel.</li> <li>3. Understand the development trend and dynamics in the R&amp;D field of cement and concrete admixture industry.</li> </ol>	Master’s degree or above in applied chemistry, chemical engineering, polymer materials or other related fields	Approximately RMB [REDACTED] per year

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Position	Number of Hires		Required experience	Qualifications	Salary range
R&D deputy manager . . . . .	2	1.	Hold a professional engineer title or equivalent in cement or chemical engineering.	Master’s degree or above in applied chemistry, chemical engineering, polymer materials or other related fields	Approximately RMB [REDACTED] per year
		2.	Proficient in training and managing R&D personnel.		
		3.	Possess comprehensive theoretical and practical knowledge related to the cement and concrete admixture industry.		
		4.	Possess in-depth understanding of the development trend and dynamics in the R&D field of cement and concrete admixture industry.		
R&D manager . . . . .	1	1.	Hold a professional engineer title or equivalent in cement or chemical engineering.	Master’s degree or above in applied chemistry, chemical engineering, polymer materials or other related fields	Approximately RMB [REDACTED] per year
		2.	Proficient in training and managing R&D personnel.		
		3.	Possess comprehensive theoretical and practical knowledge related to the cement and concrete admixture industry.		
		4.	Possess in-depth understanding of the domestic and international cutting-edge development in the R&D field of cement and concrete admixture industry with the ability to lead our technological advancements.		

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- We will spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) on the R&D efforts dedicated to the development and commercialisation of our new product, ethylene carbonate (碳酸乙烯酯) (a principal raw material of lithium and lithium-ion batteries), the production process of which is largely similar to the one for polyether monomers. We intend to spend approximately HK\$[REDACTED] (accounting for [REDACTED]% of our [REDACTED]) for related patents and/or technologies transfer/assignment fees. For the remaining amounts, we plan to apply it in conducting clinical trials on the production process of different forms of ethylene carbonate (碳酸乙烯酯), which is expected to incur raw materials purchase, machinery maintenance and other miscellaneous costs.
- (iv) approximately [REDACTED]%, or HK\$[REDACTED], will be used to repay certain bank loans. During the Track Record Period, [REDACTED] from our bank loans were generally applied as working capital or for the construction of new production facilities. Though our Directors consider that the utilisation of bank borrowings is less effective as they will increase our gearing ratio, restrict the usage of our available cash under the pledged deposit requirements and increase our finance cost, we had little alternative financing methods due to our nature of being a private company prior to the [REDACTED]. Our Directors have been reconsidering our capital structure due to the high gearing ratio of approximately 94.6% as at 30 June 2024 and the annual finance costs incurred of approximately RMB10.1 million, RMB23.7 million, RMB30.3 million and RMB13.7 million for FY2021, FY2022, FY2023 and 6M2024, respectively. The following table sets out the repayment schedule of our bank loans as at the dates indicated:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Within one year . . . . .	312.0	712.1	701.6	736.5
After one year but within two years . . . . .	97.6	77.5	55.0	65.0
After two years but within five years . . . . .	217.5	237.5	190.6	157.1
After five years . . . . .	126.0	76.7	—	—
<b>Total . . . . .</b>	<b>753.1</b>	<b>1,103.8</b>	<b>947.2</b>	<b>958.5</b>

## FUTURE PLANS AND [REDACTED]

The following table sets out the range of interest rates for our bank loans as at the dates indicated:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
Interest rate . . . . .	<u>2.55%–3.75%</u>	<u>2.85%–3.75%</u>	<u>2.60%–2.95%</u>	<u>2.60%–2.95%</u>

Further details of the maturity profile and interest rate of the outstanding bank loans are set out in “Financial Information — Indebtedness — Loans and borrowings” in this document. In view of our high gearing ratio, our Group’s financial performance and liquidity may be negatively affected if market uncertainty suddenly arose, e.g. rise in interest rate in the United States and any sudden unexpected deterioration in the prevailing market conditions leading to the imposition of further requirements on debt financing in addition to regular repayment of interest and principal by us regardless of our business performance.

- (v) approximately [REDACTED]%, or HK\$[REDACTED], will be used to further vertically enhance our position on the value chain and improve our competitiveness as the leading player in the cement admixture industry in the PRC through the acquisition of companies or establishment of joint ventures. The target company or joint venture shall create synergy effect with our business and be in line with our strategy. In particular, we are seeking for opportunities to acquire companies preferably with the following features or establish similar joint ventures:

- **Stable market position or market growth potential:** The target company has a sound market position and reputation in China’s cement admixture industry or concrete admixture industry as well as a stable customer base and extensive sales channels. We will also consider upstream companies with stable growth potential, such as the capability to expand market share or extending our position on the value chain and meet the increasing needs of China’s cement admixture or concrete admixture industries (including market penetration into second-tier and third-tier cities).
- **Technological strengths and R&D capabilities:** The target company has advanced technology and R&D capabilities, and is capable to conduct sustained innovation and develop admixture products with high added value. The target company shall have its own patents and other intellectual property rights.
- **Production and supply chain capabilities:** The production facilities of the target company are beneficial to the geographical coverage and efficient supply chain management of our Group. The target company has the resources and capabilities to expand our Group’s geographical coverage into areas where our Group’s operations are underdeveloped.

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- **Quality control and compliance:** The target company has established standards and processes to ensure its product quality comply with relevant standards and regulatory requirements of the PRC.
- **Sound financial position:** The target company has a sound financial position and stable profitability. We would prioritise acquisition targets with more than RMB180 million of annual revenue and at least a net profit margin of 5%.

As at the Latest Practicable Date, we had yet to identify suitable targets. However, according to F&S, there is over 30 suitable targets available in the market which fit the description of our potential targets as set out above. Shall suitable opportunities arise, in addition to the above-mentioned selection criteria, we will select potential targets based on our industry experience and commercial rationale, whilst taking into account the Shareholders’ interests as a whole; and

- (vi) approximately [REDACTED]%, or HK\$[REDACTED], will be used as working capital and other general corporate purposes.

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The following table summarises the timeframe for the intended use of our [REDACTED] from the [REDACTED] for the period from [REDACTED] to 30 June 2028:

	From [REDACTED] to 30 June 2025	1 July 2025 to 31 December 2025	1 January 2026 to 30 June 2026	1 July 2026 to 31 December 2026	1 January 2027 to 30 June 2027	30 June 2027 to 31 December 2027	1 January 2028 to 30 June 2028	
	HKD'000	%	HKD'000	%	HKD'000	%	HKD'000	%
<b>Optimise production capacity and extend our geographical presence</b>								
• Partial finance the production activities of a production plant located in Huludao, Liaoning . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
• Acquire and install production machinery in our Ningbo Production Plant . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
• Construct overseas production plants located in Uzbekistan and Indonesia . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
• Enhance the extent of automation and digitalisation in production processes . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
• Strengthen the production infrastructure . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Subtotal</i> . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Implement marketing initiatives . . . . .</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Devote further resources to our R&amp;D initiatives</b>								
• Support our various R&D initiatives . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
• develop and commercialise our new product, ethylene carbonate (碳酸乙烷酯). . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Subtotal</i> . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



## FUTURE PLANS AND [REDACTED]

	From [REDACTED] to 30 June 2025	1 July 2025 to 31 December 2025	1 January 2026 to 30 June 2026	1 July 2026 to 31 December 2026	1 January 2027 to 30 June 2027	30 June 2027 to 31 December 2027	1 January 2028 to 30 June 2028	
	HKD'000	%	HKD'000	%	HKD'000	%	HKD'000	%
Repay certain bank loans . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquire companies or establish joint ventures . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General working capital . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

If the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per H Share, the [REDACTED] we receive from the [REDACTED] will increase by approximately HK\$[REDACTED]. We intend to apply the additional [REDACTED] for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per H Share, the [REDACTED] we receive from the [REDACTED] will decrease by approximately HK\$[REDACTED]. We intend to reduce the [REDACTED] for the above purposes on a pro-rata basis.

If the [REDACTED] is exercised in full, we estimate that the additional [REDACTED] from the [REDACTED] of these additional Shares to be received by us will be approximately (i) HK\$[REDACTED], assuming the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per H Share; (ii) HK\$[REDACTED], assuming the [REDACTED] is fixed at the mid-point of the indicative range of the [REDACTED], being HK\$[REDACTED] per H Share; and (iii) HK\$[REDACTED], assuming the [REDACTED] is fixed at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per H Share. Any additional [REDACTED] received by us from the exercise of the [REDACTED] will also be allocated to the above business objectives and future plans on a pro-rata basis.

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

We will issue an appropriate announcement if there is any material change in the aforementioned [REDACTED].