

## **FUTURE PLANS AND USE OF PROCEEDS**

### **BUSINESS OBJECTIVES AND STRATEGIES**

Our Group’s main objective is to strengthen our market position in the wastewater treatment industry in the PRC and continue to strengthen our competitive strengths. To achieve our goals, we intend to utilise the following key business strategies:

- Continue to complete the contemplated upgrading and expansion works for our existing facilities;
- Strengthen our market position in the PRC through obtaining new wastewater treatment projects; and
- Continue to enhance the quality control system by establishing a new wastewater treatment control system.

Please refer to “Business — Business Strategies” in this document for details of our business strategies.

### **USE OF PROCEEDS**

We estimate that the aggregate net proceeds from the [REDACTED], after deducting underwriting commissions and estimated expenses paid and payable by our Company in connection thereto, to be approximately HK\$[REDACTED], assuming the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the proposed [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share. We intend to apply such net proceeds in the following manner:

- To continue to complete the contemplated upgrading and expansion works of our existing facilities, approximately HK\$[REDACTED] or [REDACTED] of the net proceeds will be applied towards this purpose. Such remaining contemplated upgrading and expansion works are expected to be completed by the end of 2020. For details of our contemplated upgrading and expansion works and the status as at the Latest Practicable Date, please see “Business — Our existing wastewater treatment facilities” in this document;
- Approximately HK\$[REDACTED] or [REDACTED] of the net proceeds will be applied towards funding our identification and evaluation of new wastewater treatment projects in Yinchuan and/or in other regions in the PRC should the opportunities arise with a view to pursuing new wastewater treatment projects in future. Our Directors intend to apply this portion of the net proceeds within three years from the date of the [REDACTED]. As at the Latest Practicable Date, we had not yet identified any new projects for evaluation;
- Approximately HK\$[REDACTED] or [REDACTED] of the net proceeds will be applied for establishing and future upgrading of our own centralized monitoring system to enable our technical team and management to gain access to real-time data on the wastewater quality and wastewater treatment processes starting from the inflow to the outflow and provide timely appoint to resolve technical issues and oversee and manage our facilities without geographical restriction. Our Directors intend to apply this portion of the net proceeds by the end of 2019; and

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- Approximately HK\$[REDACTED] or [REDACTED] of the net proceeds is expected to be used as general working capital and for general corporate purposes.

To the extent that the net proceeds from the [REDACTED] are not immediately required for the above purposes and to the extent permitted by applicable laws and regulations, if we are unable to effect any part of our future plans as intended, it is the present intention of our Directors that such net proceeds be placed in short-term interest bearing deposit accounts held with authorised financial institutions in Hong Kong and/or the PRC. In the event that we would require additional financing apart from the net proceeds from the issue of the [REDACTED] for our future plans, the shortfall will be financed by our internal resources and/or bank financing.

If the [REDACTED] is set at the high-end or low-end of the proposed [REDACTED] range, the net proceeds of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED]. We will adjust the allocation of the net proceeds for the above-mentioned purposes on a pro rata basis.

We will issue an appropriate announcement if there is any material change in the aforementioned use of proceeds.