
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

Our primary focus is to selectively diversify our geographic focus and client base, while at the same time continuing to strengthen our position in the PRC as a leading private sector EPC service provider to the petrochemicals industry and to expand our oil refineries and coal-to-chemicals EPC business. To achieve our goals, we intend to continue to improve our products, expand our business segments and services and pursue the following strategies:

- Continue to focus on research and development activities to strengthen our design and engineering capability;
- Consolidate and further strengthen our EPC leadership position in China's petrochemicals industry;
- Enhance our presence in the oil refining and coal-to-chemicals industries;
- Actively develop our presence in the international markets; and
- Continue to attract and retain top talent in the industry.

For detailed discussion of our future plans and strategies, see “Business—Our Business Strategies”.

REASONS FOR THE GLOBAL OFFERING AND USE OF PROCEEDS

Reasons for the Global Offering

We believe that the Listing of our Shares on the Main Board will enhance our corporate profile and the proceeds from the Global Offering will enable us to further expand the scale and scope of our operations and our research and development capability in order to take advantage of the potential growth in demand for our solutions and strengthen our competitive edge and market position.

Use of proceeds

Assuming an Offer Price of HK\$3.16 per Share (being the mid-point of the indicative Offer Price range of HK\$2.79 to HK\$3.53 per Share), the net proceeds of the Global Offering attributable to us, after deduction of the underwriting fees, commissions and estimated expenses payable by us in connection with the Global Offering, are estimated to be approximately HK\$1,360.2 million (assuming the Over-allotment Option is not exercised). At present, we intend to apply such net proceeds as follows:

- Approximately HK\$797.3 million, or 58.6%, of the total estimated net proceeds, for the construction and establishment of a national research and development center in Shanghai and an engineering research and development center in Beijing.

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The table below sets forth a detailed breakdown on how net proceeds are expected to be applied for the construction of a national research and development center in Shanghai and an engineering research and development center in Beijing, respectively:

	National Research and Development Center in Shanghai	Engineering, Research and Development Center in Beijing
	<i>(HK\$ in million)</i>	
Costs of Engineering Facilities	365.0	274.0
Land Acquisition Costs	41.1	58.8
Construction Costs	16.4	8.9
Design Fees	20.4	8.8
Construction Supervision Fees	2.1	1.2
Survey Fees	0.5	0.1
Total	445.5	351.8

For more information about our planned research and development center in Shanghai, see “Business—Research and Development—Research and Development Centers”;

- Approximately HK\$345.5 million, or 25.4%, of the total estimated net proceeds, for the research and development of proprietary technologies including syngas-to-ethanol processes;
- Approximately HK\$133.6 million, or 9.8%, of the total estimated net proceeds, for the expansion of our engineering capability in selected cities in the PRC, see “Business—Research and Development—Design and Engineering Centers” for additional disclosure on our planned expansion of engineering capability; and
- Approximately HK\$83.8 million, or 6.2%, of the total estimated net proceeds, for our working capital and general corporate purposes, including the anticipated increases in our working capital needs to support our international expansion.

In the event the Offer Price is set below the indicative price of HK\$3.16 per Share, we intend to reduce the net proceeds to be used for the engineering research and development center in Beijing.

In the event the Offer Price is set above the indicative price of HK\$3.16 per Share, we intend to use the additional funds to fund the expansion in our engineering capability.

In the event that the Offer Price is finally determined at the high-end of the indicative Offer Price range, the estimated net proceeds we will receive from the Global Offering will be increased by approximately HK\$169.6 million (assuming the Over-allotment Option is not exercised), or approximately HK\$473.0 million (assuming the Over-allotment Option is exercised in full). In the event that the Offer Price is finally determined at the low-end of the indicative Offer Price range, the estimated net proceeds we will receive from the Global Offering will be decreased by approximately HK\$169.6 million (assuming the Over-allotment Option is not exercised) or increased by approximately HK\$70.2 million (assuming the Over-allotment Option is exercised in full).

We intend to use the additional net proceeds to fund the research and development of proprietary technologies as well as for working capital and general corporate purposes and

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the net proceeds to be allocated for general corporate purposes will not exceed 10% of the total net proceeds.

To the extent that the net proceeds of the Global Offering received by us are not immediately applied for the above purposes, it is our present intention to deposit the net proceeds on short-term deposits with financial institutions or licensed banks in Hong Kong or the PRC.

We estimate that our Selling Shareholder will receive net proceeds of approximately HK\$362.1 million (assuming an Offer Price of HK\$3.16 per Share, being the mid-point of the indicative Offer Price range of HK\$2.79 to HK\$3.53 per Share) after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholder in relation to the Global Offering.