This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

We are one of the largest potash fertiliser companies, in terms of sales volume of potash fertilisers in China in 2021, with comprehensive sourcing, manufacturing, processing and selling capabilities offering various potash fertiliser products, including KCL, SOP, NOP and compound fertilisers. According to the Frost & Sullivan Report, we ranked the fifth among potash fertiliser companies in China in terms of sales volume of potash fertilisers in 2021, and we ranked the third among non reserve-based potash fertiliser companies in China in 2021 by the same measure. In terms of sales volume of KCL, SOP and NOP in 2021, we ranked the fourth, the fifth and the fifth among potash fertiliser companies in China respectively. Among the top five potash fertiliser companies in China, we are the only fertiliser supplier that offers comprehensive product lines, namely KCL, SOP, NOP and compound fertilisers. In 2020, we were granted the "Meritorious Enterprise of the Potash Salt and Potash Fertiliser Industry of China" by the potash salt and potash fertilisers branch of the China National Inorganic Salts Industry Association. We have been appraised as the "Top Ten Potash Fertilisers of China" and the "Top 100 Chemical Fertiliser Enterprises of China" of the year consecutively since 2016 by China National Chemical Information Center and China Chemical Industry Information Association.

As at the Latest Practicable Date, we had five key production facilities in Heilongjiang Province, Jilin Province, Guizhou Province and Guangdong Province in the PRC, among which, Baoqing Production Facility and Anda Production Facility in Heilongjiang Province are owned by Baoqing Migao and Anda Migao respectively, which have become our subsidiaries since 31 March 2022. We also had our Chengdu Production Facility located in Sichuan Province, which is subject to relocation due to change of zoning policy by the local government. All of our production facilities are well situated at main plantation zones in China. The strategic site selection of our physical presence and well-developed transportation networks enjoyed by these production facilities enable us to provide potash fertiliser products to our customers in a timely and cost-effective manner and to promptly provide after-sales services.

As at the Latest Practicable Date, we had three KCL granulating lines, 40 SOP production lines, and three compound fertilisers production lines. Our total estimated production capacity of our KCL, SOP and compound fertiliser products were 390,000 tonnes, 400,000 tonnes, and 172,000 tonnes, respectively. We also manufactured NOP products at our Chengdu Production Facility prior to cessation of production in January 2019 due to change of zoning policy by the local government for the area where our Chengdu Production Facility is located. We are currently planning to build our New Sichuan Production Facility in Mianyang City, Sichuan Province, which is expected to commence construction around the second half of 2023, to enable us to resume the production of NOP.

During the Track Record Period, benefited from the steady growth in demand for potash fertilisers in the PRC market, we achieved a steady growth. Our total revenue increased from RMB1,820.9 million in FY2020 to RMB2,081.6 million in FY2021 and further to RMB3,841.4 million in FY2022 and our profit for the year increased from RMB29.5 million in FY2020 to RMB206.5 million in FY2021 and further to RMB396.6 million in FY2022. Our revenue increased from RMB2,043.9 million for 8MFY2022 to RMB2,727.2 million for 8MFY2023, while our profit for the period slightly decreased from RMB253.7 million for 8MFY2022 to RMB236.8 million for 8MFY2023.

COMPETITIVE STRENGTHS

We believe the following competitive strengths enable us to maintain a leading position in the industry:

- we are one of the largest potash fertiliser companies, in terms of sales volume of potash fertilisers in China in 2021, offering quality and diversified potash fertiliser products;
- we have established a long-term and stable relationship with large-scale enterprise customers and deployed our customer service network strategically;
- we have multiple channels for comprehensive procurement of raw materials for potash fertilisers to secure steady supply;
- we have a well-established research and development team to provide technological supports for the continuous development of our Group; and
- our management team possess profound experience and most of them have been working with us for over ten years.

Please refer to the section headed "Business – Competitive Strengths" in this document for more information.

BUSINESS STRATEGIES

We intend to continue to strengthen and develop our existing market and industry position by adopting the following strategies while striving to enhance shareholder value and pursue growth strategies:

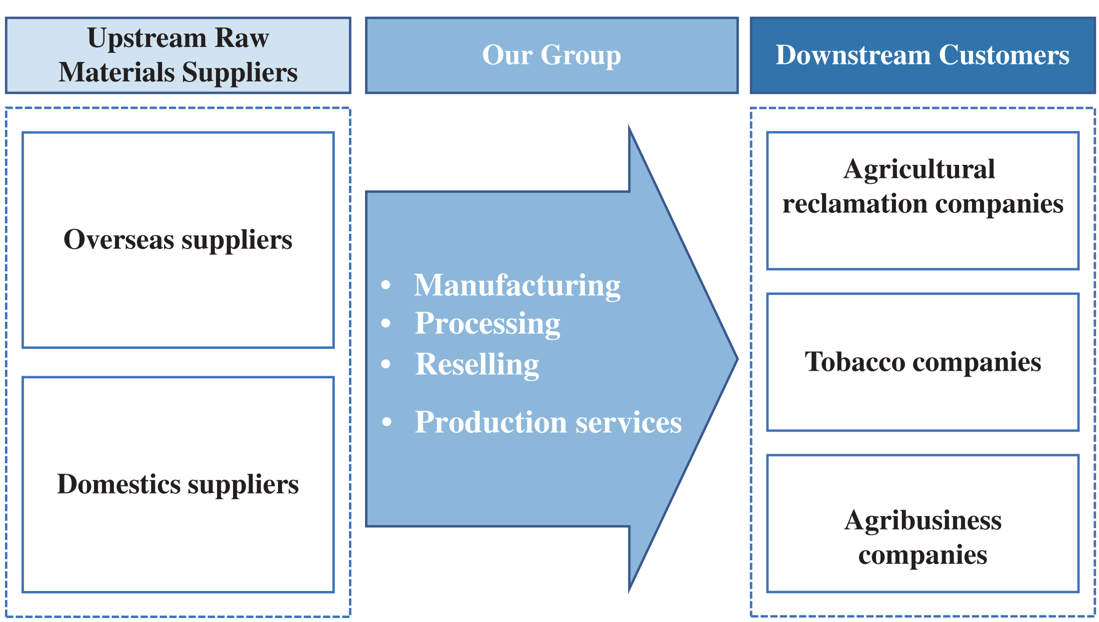
- strengthening our cooperation with major customers and expansion of our customer base;
- expansion of procurement scale and diversification of procurement channels;
- continuous investment in research and development to maintain industrial position, and enhancing product competitiveness; and
- establishment of sales network in Southeast Asia for further expansion of overseas markets.

Please refer to the section headed "Business – Business Strategies" in this document for more information.

BUSINESS MODEL

During the Track Record Period, our major products were KCL and SOP. The aggregate sales of KCL and SOP contributed to approximately 81.5%, 85.2%, 96.7% and 95.0% of our total revenue for FY2020, FY2021, FY2022 and 8MFY2023, respectively, while the remaining were primarily generated from the sales of NOP, compound fertilisers, and other products (primarily HCL as a by-product from the manufacturing process of SOP).

The following diagram illustrates our business model in the context of the potash fertiliser manufacturing industry:



Our SOP and compound fertiliser products are manufactured and our KCL are granulated at our own production facilities in accordance with PRC national standard and/or our customers' specifications. In addition, we also sell processed KCL products to our customers. We generally engage third parties to process our purchased KCL by adding certain additives and repackage the processed KCL products for sale to our customers. We also source and resell KCL, SOP, NOP and compound fertiliser products to our customers without further manufacturing or processing.

Since the fourth quarter of 2021, we started to provide fertiliser production services to one of our customers where it would provide us with the principal raw materials and we would manufacture them into compound fertiliser products in accordance with the stipulated product specifications. We charge a production fee for such services.

PRODUCTION FACILITIES AND UTILISATION

As at the Latest Practicable Date, we had five key production facilities. We also had our Chengdu Production Facility located in Sichuan Province, which is subject to relocation. As at the Latest Practicable Date, we had three KCL granulating lines, 40 SOP production lines, and three compound fertilisers production lines. Our total estimated production capacity of our KCL, SOP and compound fertiliser products were 390,000 tonnes, 400,000 tonnes, and 172,000 tonnes, respectively.

The utilisation rates of our production lines are generally subject to seasonality impact. As our fertiliser products are primarily for agricultural use, our production is subject to seasonal fluctuations as the demand of fertilisers is affected by the seasonal nature of fertiliser applications. Our KCL utilisation rate was 112.1%, 132.0%, 129.8% and 97.7% for FY2020, FY2021, FY2022 and 8MFY2023, respectively. Our KCL utilisation rate exceeded 100% for FY2020, FY2021 and FY2022 mainly because we occasionally utilised the granulating equipment of our SOP production lines at our Changchun Production Facility and Anda Production Facility for KCL granulation.

Our SOP utilisation rate was 61.5%, 78.7%, 53.0% and 28.4% for FY2020, FY2021, FY2022 and 8MFY2023, respectively. We had a low SOP utilisation rate of approximately 53.0% for SOP products for FY2022 primarily due to the general lower demand of SOP products by our customers as a result of high selling prices of SOP products. It led to some of our customers to choose to use KCL products as alternative to SOP products as KCL products can in general be used to replace, to some extent, SOP products, and thereby resulting in lower demand of SOP products for FY2022. We had a low SOP utilisation rate of approximately 28.4% for SOP products for 8MFY2023 primarily due to a decrease in demand of SOP products by customers as a result of a higher average selling price of SOP products during 8MFY2023 as compared to that of 8MFY2022.

Our compound fertiliser utilisation rate was 34.7%, 44.0%, 36.1% and 21.7% for FY2020, FY2021, FY2022 and 8MFY2023, respectively. Although all our fertiliser products are subject to seasonality impact, our compound fertiliser products are especially affected by seasonality impact. Given that compound fertiliser products generally need to be tailor made, we are not able to manufacture our compound fertiliser products during our non-peak season until we have confirmed the specific formulae with the customers which are generally provided to us close to the plantation season. Therefore, our compound fertiliser utilisation rate was especially low for 8MFY2023 as the period primarily fell within our non-peak season.

CUSTOMERS AND PRICING

During the Track Record Period and up to the Latest Practicable Date, we sold substantially all of our products in the PRC. We primarily sell our fertiliser products to agricultural reclamation companies, tobacco companies and agribusiness companies and primarily sell our by-products to industrial companies.

For FY2020, FY2021, FY2022 and 8MFY2023, sales to our largest customer accounted for approximately 11.7%, 27.9%, 22.4% and 15.3% of our total revenue, respectively, and sales to our top five customers accounted for approximately 48.1%, 58.1%, 59.4% and 55.8% of our total revenue, respectively.

We generally adopt a cost-plus approach to determine the prices of our products, under which we add a premium to the products' unit costs, which are calculated based on the raw material costs and their estimated manufacturing, administrative and sales costs, with reference to the prevailing market prices of similar products. For FY2020, FY2021, FY2022 and 8MFY2023, our average selling prices per tonne of our KCL, SOP, NOP and compound fertiliser products (excluding production fees) ranged from approximately RMB1,723.9 to RMB4,112.8, RMB2,328.4 to RMB4,030.4, RMB3,726.6 to RMB5,691.4 and RMB2,275.7 to RMB2,701.8, respectively. In general, SOP and NOP products which require chemical and more complicated manufacturing processes and have higher raw material costs are sold for higher prices than KCL products and compound fertiliser products.

We have developed strategic relationships and cooperations with our major customers. In 2018, (i) EuroChem Migao, our joint venture, sold 30% equity interests of Yunnan EuroChem to one of our key tobacco company customers; and (ii) we established two joint ventures, Baoqing Migao and Anda Migao, with an important agricultural reclamation customer, Customer A, and we further consolidated the two joint venture as our subsidiaries on 31 March 2022. In 2016, we acquired 51% of Daxing Migao, with the remaining 49% owned by Guizhou Tobacco Investment, another key tobacco company customer of us. We believe that such strategic relationships and cooperations would benefit our customers and us mutually, as our customers are able to secure stable supply of quality fertiliser products while we are able to secure solid and stable demand for our fertiliser products.

RAW MATERIALS AND SUPPLIERS

Our primary raw materials used for the production of our fertiliser products are KCL, SOP, NOP and sulphuric acid, among which KCL is our main raw material. During the Track Record Period, we procured KCL from overseas and domestic suppliers. For overseas suppliers, we procured our KCL either directly with them or through our designated agent. We also purchase KCL from domestic KCL suppliers who mostly source KCL overseas due to China's geologically lack of quality potash reserves and reliance on import of KCL from overseas countries. For FY2020, FY2021, FY2022 and 8MFY2023, our purchase of KCL accounted for approximately 76.5%, 77.7%, 86.6% and 90.3% of our total purchases, respectively.

According to the Frost & Sullivan Report, the price of KCL imported by sea in China is with reference to the import price (the "**Sea Import Master Contract Price**") negotiated by a consortium of PRC state-owned enterprises with overseas KCL producers and suppliers usually each year in annual master contracts which specify the price term. During the Track Record Period, our purchase price of KCL from overseas suppliers was generally within a 9% deviation from the Sea Import Master Contract Price.

For domestic suppliers, the price of KCL is commercially negotiated between us and these domestic KCL suppliers. The price may be subject to fluctuation depending on the actual circumstances. For FY2020 and FY2021, our average purchase price of KCL from overseas suppliers was approximately 8.7% and 15.3%, respectively, lower than our average purchase price of KCL from domestic suppliers, while for FY2022 and 8MFY2023 our average purchase price of KCL from overseas suppliers was approximately 12.3% and 16.2%, respectively, higher than our average purchase price of KCL from domestic suppliers. The fluctuation of our average purchase price of KCL from overseas suppliers and domestic suppliers generally follows the general trend of fluctuation of the Sea Import Master Contract Price.

For FY2020, FY2021, FY2022, 8MFY2022 and 8MFY2023, our unit cost of goods sold of KCL was RMB1,827.1 per tonne, RMB1,546.0 per tonne, RMB2,438.9 per tonne, RMB2,055.2 per tonne and RMB3,394.1 per tonne, respectively. Assuming all other variables remain constant, the following sensitivity analysis illustrates the impact of hypothetical fluctuations in the unit cost of goods sold of our KCL per tonne on our profit before tax for the years/periods indicated. Based on the historical fluctuation of the unit cost of goods sold of our KCL and the Sea Import Master Contract Price during the Track Record Period up to the Latest Practicable Date, fluctuations are assumed to be 10%, 20% and 100% for the relevant indicated years/periods:

	For the year ended 31 March			For the eight months ended 30 November	
	2020	**2021**	**2022**	**2021**	**2022**
			RMB'000		
Change in profit before tax if unit cost of goods sold KCL increases/ (decreases) by 10%	(106,645)/ 106,645	(112,147)/ 112,147	(270,493)/ 270,493	(133,840)/ 133,840	(196,238)/ 196,238
Change in profit before tax if unit cost of goods sold KCL increases/ (decreases) by 20%	(213,291)/ 213,291	(224,294)/ 224,294	(540,986)/ 540,986	(267,680)/ 267,680	(392,475)/ 392,475
Change in profit before tax if unit cost of goods sold KCL increases/ (decreases) by 100%	(1,066,454)/ 1,066,454	(1,121,468)/ 1,121,468	(2,704,932)/ 2,704,932	(1,338,400)/ 1,338,400	(1,962,376)/ 1,962,376

The other major raw materials used in our production, namely, SOP, NOP and sulphuric acid, are procured in the PRC. We generally purchase SOP and NOP from local suppliers; we also purchase SOP and NOP from Guizhou Tobacco Investment, our tobacco company customer, for the manufacturing of compound fertiliser products for it. For sulphuric acid, we purchase from local suppliers in local areas close to our production facilities. Our total aggregate purchases of SOP, NOP and sulphuric acid for FY2020, FY2021, FY2022 and 8MFY2023, amounted to approximately RMB147.6 million, RMB263.2 million, RMB236.8 million and RMB33.4 million, respectively, representing approximately 8.5%, 13.0%, 6.4% and 1.6% of our total purchases for the respective period.

For FY2020, FY2021, FY2022 and 8MFY2023, purchases from our largest supplier amounted to approximately RMB685.3 million, RMB451.4 million, RMB706.8 million and RMB570.4 million, respectively, which accounted for approximately 39.2%, 22.4%, 19.1% and 27.2% of our total purchases, respectively. For the same periods, purchases from our five largest suppliers amounted to approximately RMB1,327.0 million, RMB1,531.7 million, RMB2,484.5 million and RMB1,662.5 million, respectively, which accounted for approximately 76.0%, 75.9%, 67.0% and 79.4% of our total purchases, respectively.

COMPETITION

We face intense competition in the potash fertiliser industry in the PRC. According to the Frost & Sullivan Report, there were over 200 potash fertiliser producers in the PRC in 2021, which included SOEs, private-owned enterprises and foreign-invested enterprises. For FY2022, our sales volume of KCL and SOP products was approximately 1,109,000 tonnes and 163,000 tonnes, respectively. Our Directors and Frost & Sullivan consider that we are in direct competition with large-scale potash fertiliser producers in the PRC.

RISK FACTORS

There are risks associated with your investment in the [**REDACTED**], among which, the relatively material risks are: (i) we are exposed to global KCL supply uncertainty, as well as challenges in logistics and delivery; if we fail to effectively deal with these issues, our business and financial conditions could be adversely affected; (ii) we are exposed to fluctuation of purchase price and procurement costs of KCL, which could materially and adversely affect our business, financial performance and prospects; (iii) our purchase of KCL concentrates on our top five suppliers and any failure or delay in the supply may have a material adverse impact on us; (iv) we are exposed to market risks from fluctuating selling price of our fertiliser products in China; (v) we could be adversely affected as a result of any transactions we have with countries that are, or become subject to, sanctions administered by the Relevant Sanctions Authorities and other relevant authorities administering sanctions measures; (vi) we rely on our major customers and our customer concentration may expose us to risks relating to fluctuation or decline in our revenue; (vii) decline in market demand for our major fertiliser products may have a material and adverse impact on us; and (viii) various permits and licences are required for our production and any loss of or failure to renew any of the necessary permits and licences may have a material and adverse impact on us.

SUMMARY OF FINANCIAL INFORMATION

The following tables summarise certain items of the historical consolidated financial information of our Group during the Track Record Period and are extracted from, and should be read in conjunction with, the Accountants' Report in Appendix I to this document.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March						For the eight months ended 30 November			
	2020		2021		2022		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Revenue	1,820,932	100.0	2,081,579	100.0	3,841,400	100.0	2,043,919	100.0	2,727,223	100.0
Cost of goods sold	(1,707,410)	(93.8)	(1,830,838)	(88.0)	(3,207,977)	(83.5)	(1,625,023)	79.5	(2,266,532)	(83.1)
Gross profit	113,522	6.2	250,741	12.0	633,423	16.5	418,896	20.5	460,691	16.9
PROFIT BEFORE TAX	24,659	1.4	264,926	12.7	471,044	12.3	307,446	15.0	305,485	11.2
Income tax credit (expense)	4,838	0.3	(58,401)	(2.8)	(74,464)	(1.9)	(53,726)	(2.6)	(68,642)	(2.5)
PROFIT FOR THE YEAR/PERIOD	29,497	1.6	206,525	9.9	396,580	10.3	253,720	12.4	236,843	8.7

The following table sets forth the breakdown of our revenue by sales of each type of products and each item as a percentage of our total revenue for the years/periods indicated:

	For the year ended 31 March						For the eight months ended 30 November			
	2020		2021		2022		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Revenue from sales of products										
– KCL	1,111,289	61.0	1,250,489	60.1	3,180,575	82.8	1,660,873	81.3	2,377,891	87.2
– SOP	372,597	20.5	522,039	25.1	533,569	13.9	314,715	15.4	213,759	7.8
– NOP	18,929	1.0	49,068	2.4	8,933	0.2	8,785	0.4	12,391	0.5
– Compound fertilisers	287,899	15.8	193,629	9.3	24,992	0.7	10,466	0.5	9,812	0.3
– By-Products and Others	30,218	1.7	66,354	3.2	72,527	1.9	42,101	2.1	103,395	3.8
Total	1,820,932	100.0	2,081,579	100.0	3,820,596	99.5	2,036,940	99.7	2,717,248	99.6

Our revenue was in increasing trend during the Track Record Period primarily due to the increase in sales volume of our KCL products for each year from FY2020 to FY2022 and increase in our average selling price of KCL for FY2022 and 8MFY2023 compared to FY2021 and 8MFY2022, respectively. Please refer to the section headed "Financial Information – Key Components of our Consolidated Statements of Comprehensive Income – Revenue" in this document for further information.

The following table sets forth the breakdown of our revenue by each type of customers and each item as a percentage of our total revenue for the years/periods indicated:

	For the year ended 31 March						For the eight months ended 30 November			
	2020		2021		2022		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue by each type of customer										
– Agribusiness companies	1,043,558	57.3	818,978	39.3	2,425,590	63.1	1,187,437	58.1	2,080,232	76.3
– Agricultural reclamation companies	390,539	21.4	844,200	40.6	1,202,222	31.3	752,833	36.8	537,349	19.7
– Tobacco companies	287,537	15.8	233,364	11.2	71,020	1.8	36,185	1.8	31,868	1.2
– Others	99,299	5.5	185,038	8.9	142,568	3.7	67,465	3.3	77,773	2.9
Total	1,820,932	100.0	2,081,579	100.0	3,841,400	100.0	2,043,919	100.0	2,727,223	100.0

The major source of our revenue during the Track Record Period was from agribusiness companies, and secondly from agricultural reclamation companies.

The revenue from agribusiness companies decreased from RMB1,043.6 million for FY2020 to RMB819.0 million for FY2021, primarily due to the decrease in volume of our fertiliser products supplied to agribusiness companies from approximately 508,815 tonnes for FY2020 to approximately 426,506 tonnes for FY2021, as a result of the increased demand from agricultural reclamation companies in FY2021. The revenue from agribusiness companies increased from RMB819.0 million for FY2021 to RMB2,425.6 million for FY2022, primarily due to the increase in volume of our fertiliser products sold to agribusiness companies from approximately 426,506 tonnes for FY2021 to approximately 781,997 tonnes for FY2022 and the increase in average selling price of our KCL products and SOP products in FY2022. The revenue from agribusiness companies increased from RMB1,187.4 million for 8MFY2022 to RMB2,080.2 million for 8MFY2023, primarily due to the increase in volume of our fertiliser products sold to agribusiness companies from approximately 424,339 tonnes for 8MFY2022 to approximately 488,034 tonnes for 8MFY2023 and the substantial increase in the average selling price of our KCL products in 8MFY2023 compared to 8MFY2022.

The revenue from agricultural reclamation companies increased from RMB390.5 million for FY2020 to RMB844.2 million for FY2021, primarily due to the increase in volume of our fertiliser products sold to agricultural reclamation companies from approximately 200,248 tonnes for FY2020 to approximately 476,282 tonnes for FY2021, partially offset by the decrease in average selling price of our KCL products and SOP products in FY2021. The revenue from agricultural reclamation companies increased from RMB844.2 million for FY2021 to RMB1,202.2 million for FY2022, primarily due to the increase in average selling price of our KCL products and SOP products. The revenue from agricultural reclamation companies decreased from RMB752.8 million for 8MFY2022 to RMB537.3 million for 8MFY2023, primarily due to the decrease in volume of our fertiliser products sold to agricultural reclamation companies from approximately 316,981 tonnes for 8MFY2022 to approximately 137,705 tonnes for 8MFY2023, as our agricultural reclamation customers had decreased their potash fertiliser reserve in view of the stabilised market price of potash fertiliser in late 8MFY2023.

The following table sets forth the gross profit/(loss) and gross profit/(loss) margin by each type of products for the years/periods indicated:

	For the year ended 31 March						For the eight months ended 30 November			
	2020		2021		2022		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Gross profit/(loss) and gross profit/(loss) margin from sales of products										
– KCL	44,835	4.0	129,021	10.3	475,643	15.0	322,474	19.4	415,515	17.5
– SOP	56,992	15.3	81,552	15.6	125,576	23.5	81,518	25.9	28,852	13.5
– NOP	(270)	(1.4)	1,399	2.9	(102)	(1.1)	59	0.7	1,287	10.4
– Compound fertilisers	5,690	2.0	22,814	11.8	423	1.7	(1,881)	(18.0)	1,349	13.8
– By-Products and Others	6,275	20.8	15,955	24.0	25,899	35.7	14,377	34.2	11,348	11.0
Overall	113,522	6.2	250,741	12.0	627,439	16.4	416,547	20.4	458,352	16.9

Our gross profit and gross profit margin from FY2020 to FY2022 were in increasing trend primary due to the increase in gross profit and gross profit margin of our KCL products and SOP products for the same years. The increase in total gross profit in 8MFY2023 was primarily due to the increase in gross profit from sales of KCL products, partially offset by the decrease in gross profit from sales of SOP products during the same period. The slight decrease in gross profit margin for 8MFY2023 was primarily due to the significant increase in the unit cost of goods sold of our KCL products and SOP products by approximately 65.1% and 52.7%, respectively, which had outpaced the significant increase in average selling price of our KCL products and SOP products by approximately 61.3% and 30.8%, respectively. Please refer to the section headed "Financial Information – Key Components of our Consolidated Statements of Comprehensive Income – Gross Profit and Gross Profit Margin" in this document for further information.

The following table sets forth the breakdown of our gross profit/(loss) and gross profit/(loss) margin by each type of customers for the years/periods indicated:

	For the year ended 31 March						For the eight months ended 30 November			
	2020		2021		2022		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Gross profit/(loss) and gross profit/(loss) margin by each type of customers										
– Agribusiness companies	53,799	5.2	105,094	12.8	519,174	21.4	306,559	25.8	385,344	18.5
– Agricultural reclamation companies	20,793	5.3	86,272	10.2	68,334	5.7	92,418	12.3	68,326	12.7
– Tobacco companies	28,779	10.0	36,480	15.6	15,874	22.4	8,711	24.1	4,294	13.5
– Other	10,152	10.2	22,895	12.4	30,040	21.1	11,208	16.6	2,727	3.5
Overall	113,522	6.2	250,741	12.0	633,423	16.5	418,896	20.5	460,691	16.9

During the Track Record Period, our gross profit was principally derived from the sale of KCL products and SOP products to agribusiness companies and agricultural reclamation companies.

The general increasing trend of gross profit and gross profit margin of agribusiness companies from FY2020 to FY2022 was mainly due to the increase in gross profit and gross profit margin for the sales of our KCL products and SOP products to agribusiness companies for the same years. The increase in gross profit of agribusiness companies in 8MFY2023 was mainly due to the increase in gross profit contributed by the sales of our KCL products to agribusiness companies during the same period. The decrease in gross profit margin of agribusiness companies in 8MFY2023 was mainly due to the decrease in gross profit margin for the sales of our KCL products and SOP products to agribusiness companies for the same period.

The increase in gross profit and gross profit margin of agricultural reclamation companies for FY2021 was mainly due to the increase in gross profit and gross profit margin for the sales of our KCL products and SOP products to agricultural reclamation companies in FY2021. The decrease in gross profit and gross profit margin of agricultural reclamation companies for FY2022 was primarily due to the decrease in gross profit and gross profit margin for the sales of KCL products to agricultural reclamation companies in FY2022. The decrease in gross profit of agricultural reclamation companies for 8MFY2023 was primarily due to the decrease in gross profit for the sales of our SOP products to agricultural reclamation companies in 8MFY2023. The gross profit margin of agricultural reclamation companies remained relatively stable for 8MFY2022 and 8MFY2023.

Net Current Assets and Liabilities

The following table sets forth our current assets, current liabilities, and net current assets and liabilities as at the dates indicated:

	As at 31 March			As at 30 November
	2020	**2021**	**2022**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	1,561,728	1,846,450	2,983,993	2,639,346
Current liabilities	1,697,704	1,695,572	2,488,710	1,981,795
Net current (liabilities) assets	(135,976)	150,878	495,283	657,551

Our net current liabilities amounted to RMB136.0 million as at 31 March 2020 and our net current assets amounted to RMB150.9 million and RMB495.3 million at 31 March 2021 and 2022, respectively. Our net current liabilities of RMB136.0 million as at 31 March 2020 were primarily attributable to the decrease in current assets as a result of our waiving of the net amount of RMB773.7 million due from the four related companies that were disposed of by our Group to Mr. Liu in 2017 as part of the Reorganisation. Such net amount due from related companies was current in nature as at 31 March 2020 and was brought forward from financial years prior to the Track Record Period, which represents the outstanding amount repayable by the four related companies as at 31 March 2020 in connection with the interest-free funding provided by our Group to them in support of their working capital requirements prior to the relevant disposals. The waiver is accounted for as deemed distribution to Mr. Liu in FY2020. We improved our position from net current liabilities to net current assets of RMB150.9 million as at 31 March 2021 and further to RMB495.3 million as at 31 March 2022, primarily attributable to the profit for the year of RMB206.5 million for FY2021 and the profit for the year of RMB396.6 million in FY2022, respectively. Our net current assets further increased to RMB657.6 million primarily due to the profit for the period of RMB236.8 million recorded in 8MFY2023. For detailed information, please refer to the section headed "Financial Information – Selected Balance Sheet Items" in this document.

Summary of Consolidated Cash Flow

The following table sets forth selected cash flow data from our consolidated cash flow statements for the years/periods indicated. For their analysis, please refer to the section headed "Financial Information – Liquidity and Capital Resources – Cash Flow" in this document.

	For the year ended 31 March			For the eight months ended 30 November	
	2020	2021	2022	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Net cash (used in) from operating activities	(201,178)	261,236	(332)	(190,907)	110,293
Net cash from (used in) investing activities	52,204	(79,655)	(6,243)	22,593	(65,693)
Net cash from (used in) financing activities	98,300	(132,118)	232,393	141,242	(11,045)
Net (decrease) increase in cash and cash equivalents	(50,674)	49,463	225,818	(27,072)	33,555
Cash and cash equivalent at beginning of the year/period	56,311	6,049	54,707	54,707	283,456
Effect of foreign exchange rate changes	412	(805)	2,931	1,250	3,984
Cash and cash equivalent at end of the year/period represented by bank balances and cash	6,049	54,707	283,456	28,885	320,995

Significant net cash used in operating activities of RMB201.2 million and RMB190.9 million were recorded in FY2020 and 8MFY2022, respectively. The net cash used in operating activities recorded in FY2020 was primarily due to (i) the delay in settlements of our trade receivables by our customers in FY2020 due to the impact of COVID-19; (ii) payments made for our purchases of NOP from Yunnan EuroChem; and (iii) the decrease in advanced payments received derived from the sale orders in late FY2020 due to the impact of COVID-19. The net cash used in operating activities recorded in 8MFY2022 was primarily due to the increase in trade and other receivables and prepayments in 8MFY2022 as a result of the increase in trade receivables in connection with the growth in sales of our fertiliser products and the increase in inventory prepayment to suppliers for our increase in purchases for the upcoming peak season in FY2022, partially offset by the deposits made by our customers for sales orders of upcoming peak season in FY2022 and the increase in amount payable to our joint ventures for our purchases of raw materials and finished goods from them. For details, please refer to the section headed "Financial Information – Liquidity and Capital Resources – Cash Flow – Net cash from/(used in) operating activities" in this document.

Key Financial Ratios

The following table sets forth certain key financial ratios as at or for the years/periods indicated. For their analysis, please refer to the section headed "Financial Information – Key Financial Ratios" in this document.

	As at or for the year ended 31 March			As at or for the eight months ended 30 November
	2020	2021	2022	2022
Return on equity[(1)]	6.7%	32.3%	38.6%	28.6%
Return on total assets[(2)]	1.3%	8.4%	10.7%	10.4%
Current ratio (times)[(3)]	0.9	1.1	1.2	1.3
Gearing ratio[(4)]	41.1%	22.2%	29.4%	20.4%
Interest coverage ratio (times)[(5)]	2.5	26.3	49.8	26.0
Net profit margin[(6)]	1.6%	9.9%	10.3%	8.7%

Notes:

(1) For the years ended 31 March 2020, 2021 and 2022, return on equity ratio is calculated by dividing profit for the year attributable to the owners of our Company by total equity attributable to the owners of our Company as at each relevant year/period end and multiplying 100%. For the eight months ended 30 November 2022, return on equity ratio is calculated by dividing profit for the period attributable to the owners of our Company by total equity attributable to the owners of our Company as at the period end and multiplying 100% and 12/8.

(2) For 31 March 2020, 2021 and 2022, return on total assets ratio is calculated by dividing profit for the year attributable to the owners of our Company by total assets as at each relevant year/period end and multiplying 100%. For the eight months ended 30 November 2022, return on total assets ratio is calculated by dividing profit for the period attributable to the owners of our Company by total assets as at the period end and multiplying 100% and 12/8.

(3) Current ratio is total current assets as at each relevant year/period end as a percentage of total current liabilities as at each relevant year/period end.

(4) Gearing ratio is total debt divided by the sum of total capital plus total debt. Total debt is calculated as the sum of bank borrowings and loan from a related party. Capital includes equity attributable to owners of our Company.

(5) Interest coverage ratio is profit before finance costs and income tax expenses for the relevant year/period divided by finance costs for the relevant year/period.

(6) Net profit margin is profit for the year/period divided by revenue for the year/period and multiplied by 100%.

SHAREHOLDER INFORMATION

Our Controlling Shareholders

Immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised, Mr. Liu, Migao Barbados and Migao BVI will directly and indirectly hold [**REDACTED**]% of our issued share capital, and hence will remain as our Controlling Shareholders. Each of our Directors and Controlling Shareholders has confirmed that, as at the date of this document, none of them had any interest in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

Pre-[REDACTED] Share Option Scheme

We have adopted the Pre-[**REDACTED**] Share Option Scheme, summary of the principal terms of which is set out in the section headed "Appendix IV – Statutory and General Information – D. Other Information – 1. Pre-[**REDACTED**] Share Option Scheme". Under the Pre-[**REDACTED**] Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the Pre-[**REDACTED**] Share Option Scheme is 10% of the issued share capital of our Company upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

OUR MILESTONES

Our Group was founded in June 2003 by Mr. Liu, our founder, chairman, chief executive officer, executive Director and our Controlling Shareholder with his personal funds, where he established Sichuan Migao, the first operating PRC subsidiary of our Group and commenced the business in the production of NOP. Since then, our Group has expanded to the production of other products, such as KCL, SOP and compound fertiliser products and we are now one of the largest potash fertiliser, companies in terms of sales volume of potash fertilisers in China in 2021, with integrated sourcing, manufacturing, processing and selling capabilities. For further details and our milestones, please refer to the sections headed "History, Reorganisation and Corporate Structure – Overview" and "History, Reorganisation and Corporate Structure – History and Development – Key Business Milestones" in this document.

[REDACTED] STATISTICS

Expected [**REDACTED**][(1)]:	HK$[**REDACTED**] million to HK$[**REDACTED**] million
[**REDACTED**]	[**REDACTED**] Shares (subject to the [**REDACTED**])
[**REDACTED**]	Not more than HK$[**REDACTED**] per [**REDACTED**] and is expected to be not less than HK$[**REDACTED**] per [**REDACTED**] (excluding brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and the AFRC transaction levy)
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 30 November 2022 per Share[(2)]:	HK$[**REDACTED**] (based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]) HK$[**REDACTED**] (based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**])

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming that the [**REDACTED**] and the options which may be granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised at all).

(2) Please refer to Appendix II to this document for the bases and assumptions in calculating this figure.

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. We intend to use (i) approximately [**REDACTED**]% of the net [**REDACTED**] from the [**REDACTED**] for the investment and construction of the Heilongjiang Logistics and Warehousing Centre; (ii) approximately [**REDACTED**]% of the net [**REDACTED**] from the [**REDACTED**] for the investment and construction of our New Sichuan Production Facility; (iii) approximately [**REDACTED**]% of the net [**REDACTED**] from the [**REDACTED**] to purchase new equipment and machinery; (iv) approximately [**REDACTED**]% of the net [**REDACTED**] from the [**REDACTED**] to fund the construction of a research and development centre; and (v) approximately [**REDACTED**]% of the net [**REDACTED**] from the [**REDACTED**] for additional working capital and other general corporate purposes.

Please refer to the section headed "Future Plans and Use of [**REDACTED**]" in this document for details.

DIVIDENDS

No dividend was paid or declared by our Company since its incorporation. However, the group entities comprising our Group has paid or declared dividends during the Track Record Period, which included (i) a final dividend in an aggregate amount of RMB4.0 million, RMB4.0 million and RMB4.5 million has been declared by Daxing Migao during the years ended 31 March 2019, 2021, 2022, respectively, each of which has been paid by Daxing Migao during the years ended 31 March 2020, 2021 and 2022, respectively; (ii) a final dividend of RMB4.0 million has been declared by Daxing Migao during 8MFY2023 which remained payable as at 30 November 2022; (iii) a final dividend in an aggregate amount of RMB6.4 million has been declared and paid by Baoqing Migao during 8MFY2023; and (iv) a final dividend of RMB15.9 million has been declared and paid by Anda Migao during 8MFY2023.

We currently do not have any pre-determined dividend pay-out ratio. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. For details, please refer to the section headed "Financial Information – Dividends" in this document.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses primarily consist of [**REDACTED**] commissions and professional fees paid to the professional advisers for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The total estimated [**REDACTED**] expenses (based on the midpoint of our indicative [**REDACTED**] range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, including [**REDACTED**] commissions and excluding any discretionary incentive fee which may be payable by us) in relation to the [**REDACTED**] are RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], of which (i) RMB[**REDACTED**] million, RMB[**REDACTED**] million, RMB[**REDACTED**] million and RMB[**REDACTED**] million has been charged to our consolidated statements of profit or loss for FY2020, FY2021, FY2022 and 8MFY2023, respectively; (ii) RMB[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss for the years ending 31 March 2023 and 31 March 2024; and (iii) RMB[**REDACTED**] million is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The aforementioned estimated [**REDACTED**] expenses of approximately HK$[**REDACTED**] million include (i) [**REDACTED**] related expenses of approximately HK$[**REDACTED**] million; (ii) non-[**REDACTED**] related fees and expenses paid and payable to legal advisers and reporting accountants, of approximately HK$[**REDACTED**] million; and (iii) other non-[**REDACTED**] related fees and expenses of HK$[**REDACTED**] million.

BUSINESS DEALINGS WITH THIRD PARTIES SUBJECT TO INTERNATIONAL SANCTIONS

Belarus

During the Track Record Period, we purchased a large amount of KCL, directly and indirectly, from Supplier D in Belarus. Supplier D was designated by OFAC as an SDN on 2 December 2021, and since then, we have ceased entering into new purchase contracts with it. Our direct purchases from Supplier D between 9 August 2021 and 27 December 2021 were conducted pursuant to a contract dated 21 December 2020, well before the introduction of sanctions on Supplier D. The final shipment of our direct purchase of KCL from Supplier D was shipped on 27 December 2021 and was received in China in February 2022, which is prior to the expiry of the winding down period on 1 April 2022 and is within the scope of the applicable Belarus general license.

For 8MFY2023, we had domestic purchases of KCL from Company B (a Chinese SOE supplier), which was originated from Belarus amounting to RMB9.2 million and it is part of the purchases made pursuant to a purchase and sale contract we entered into with it in April 2021. The KCL supplied by Company B under that purchase and sale contract was sourced from Supplier D and was shipped to us in multiple shipments, all of which were received by us by October 2021 (before Supplier D was designated as an SDN in December 2021), except for the last shipment which was received by us in April 2022 (the "**April 2022 Shipment**") due to the logistic arrangement of Company B. Based on the confirmation from Company B, the April 2022 Shipment was fully paid for and delivered by Supplier D to Company B in China in July 2021, which was well before the introduction of sanctions on Supplier D.

As advised by our International Sanctions Legal Advisers, on the basis that (i) with respect to U.S. sanctions, our products are produced from (x) raw materials received from non-sanctioned parties, and (y) raw materials from Belarus (directly or indirectly) that were purchased by our PRC subsidiaries or our suppliers either prior to the U.S. sanctions being imposed or before the U.S. sanctions coming into effect (e.g. under the applicable general licenses), and (ii) with respect to EU sanctions, none of our Group's subsidiaries are established in the EU and thus EU economic sanctions do not have jurisdiction over our subsidiaries and their products, it is the view of our International Sanctions Legal Advisers that (i) our products produced from raw materials origin from Belarus (either directly or indirectly) during the Track Record Period are not subject to economic sanctions measures imposed by the U.S. and EU, and (ii) our business dealings in respect of Belarus are not subject to material risk in respect of U.S. primary or secondary sanctions, nor subject to material risk in respect of the relevant UN, EU, UK and Canada sanctions. We do not intend to engage in further transactions with Supplier D or otherwise purchase KCL originated from Belarus, either directly or indirectly, for so long as Supplier D and/or the potash sector of Belarus remains subject to international sanctions.

Russia

We have also purchased KCL from Russia, which has been subject to various sanctions measures, including further sanctions measures since its military aggressions in Ukraine in February 2022. However, to ensure global food security, the U.S. Department of Treasury has clarified on 14 July 2022 that agricultural commodities (including fertilisers) are not targets of the sanctions imposed by the U.S. on Russia and the U.S. has not imposed sanctions on the exportation of fertiliser from, to, transiting, or involving Russia. On the same day, the OFAC issued a broad general license to authorise, among other activities, certain transactions related to the production, manufacturing, sale, or transport of agricultural commodities (including fertilisers) relating to Russia. The term "fertilizer" is used in a broad sense as defined in the U.S. Agricultural Trade Act of 1978 and therefore should include potash/KCL products. On 17 January 2023, the OFAC issued General License No. 6C, which replaced General License No. 6B by expanding the applicable scope to include the "provision" of agricultural commodities. Similarly, the EU stated on 21 July 2022 that it is committed to avoiding all measures which might lead to food insecurity around the globe, and it had not adopted any measures targeting the trade in agricultural and food products (including fertilisers) between third countries and Russia. On 9 November 2022, the EU stated that it has essentially exempted the agri-food sector and fertilisers from its restrictive measures against Russia.

Since the U.S. and EU have clarified that the Russia's fertiliser sector is not the target of their sanctions measures targeting Russia and they have not imposed sanctions on Russian fertilisers (including potash), our International Sanctions Legal Advisers are of the view that our business dealings in respect of Russia are not subject to material risk in respect of U.S. primary or secondary sanctions, nor subject to material risk in respect of the relevant UN, EU, UK and Canada. In addition, on the basis that (i) with respect to U.S. sanctions, our products are produced from (x) raw materials received from non-sanctioned parties, and (y) raw materials from Russia (directly or indirectly) that were purchased by our PRC subsidiaries or our suppliers from Russian counterparties which are not subject to U.S. sanctions (including by virtue of applicable general licenses), and (ii) with respect to EU sanctions, none of our Group's subsidiaries are established in the EU and thus EU economic sanctions do not have jurisdiction over our subsidiaries and their products, it is the view of our International Sanctions Legal Advisers that our products produced from raw materials origin from Russia (either directly or indirectly) during the Track Record Period are not subject to economic sanctions measures imposed by the U.S. and EU. We intend to continue our business dealings in respect of Russia, subject to our strict adherence to our sanction compliance measures, which were designed to minimise our risk exposure to international sanctions in our future dealings with third parties subject to international sanctions of any kind.

For details of our business dealings with third parties subject to international sanctions, our sanctions compliance measures and the relevant sanctions laws and regimes, please refer to the section headed "Business – Business Dealings with Third Parties Subject to International Sanctions", the section headed "Risk Factors – Risks Relating to Our Business – We could be adversely affected as a result of any transactions we have with countries that are, or become subject to, sanctions administered by the Relevant Sanctions Authorities and other relevant authorities administering sanctions measures" and the section headed "Regulatory Overview – Sanctions Laws and Regulations" in this document.

MEASURES TAKEN BY US TO ADDRESS KCL SUPPLY UNCERTAINTY

Alternative Sourcing of KCL

The global supply of KCL has been disturbed since 2021 as a result of the COVID-19 pandemic outbreak, the international sanctions targeting the Belarus Producer, the conflict between Russia and Ukraine and the resulting sweeping sanctions against Russia by the Western countries, the rising costs in logistics and transportation, and many other factors, which have brought uncertainty to the global supply of KCL.

To address the supply uncertainty and the sanctions of Supplier D of Belarus, and to ensure stable supply of KCL for our operations, we have strengthened cooperation with our existing potash suppliers to increase purchase of KCL from them, for example:

1. we entered into a memorandum of understanding with Supplier A (an international fertiliser trading company), our existing supplier, in January 2022 (further supplemented by an additional agreement to memorandum of understanding in May 2022), and pursuant to which Supplier A agreed to supply 500,000 tonnes of potash originated from Russia or, where unavailable, from non-CIS countries through designated cross-border suppliers to us in 2022. We further extended the term of the memorandum of understanding to 25 January 2024 with Supplier A; and

2. we also entered into a memorandum of understanding with CNCCC, a large Chinese SOE, principally engaged in the sales of chemical products, for the supply of 500,000 tonnes of potash with origin from Russia from March 2022 to February 2023. We further extended the term of the memorandum of understanding to 31 December 2023 with CNCCC.

As our total aggregate purchase volume of KCL from Supplier D and domestic purchase of KCL with origin from Belarus was approximately 442,000 tonnes, 257,000 tonnes and 408,000 tonnes for FY2020, FY2021 and FY2022, respectively, we believe the supply of KCL pursuant to the above memoranda of understanding can fully replace our historical purchase volume of KCL from Supplier D and KCL origin from Belarus. We entered into purchase contracts for the purchase of, in aggregate, approximately 201,000 tonnes of KCL from Supplier A and CNCCC in 2022 and January 2023.

In addition, while it is unequivocally confirmed by the U.S. and EU that Russia's potash sector is not a target of their sanctions measures targeting Russia, out of abundance of caution, we decided to explore alternative sources of KCL purchases, with origins from places other than Russia and Belarus, for example, KCL originated from China and Germany.

We have negotiated with Southwest Salt Lake, an associate company of the largest domestic potash producer group in the PRC and have signed a memorandum of understanding with it for the supply of 300,000 tonnes of premium grade potash to us from September 2022 to August 2023. We began to make our first purchase with Southwest Salt Lake in October 2022 with a purchase order for 2,000 tonnes of KCL with specifications similar to our purchase of KCL from overseas suppliers. The terms of our purchases of KCL with Southwest Salt Lake are similar to the terms of our purchases of KCL with other domestic suppliers of KCL. We received delivery of our first purchase in October 2022.

We have also discussed with Supplier A to engage in price inquiry with it on the supply of KCL with origins from non-CIS countries as part of the memorandum of understanding we signed with it in January 2022 as described above. For 8MFY2023, we entered into purchase contracts for the purchase of approximately 5,000 tonnes of KCL with origin from non-CIS countries from Supplier A.

We plan to continue to develop other alternative sources of KCL. For example, we have been engaging in discussions with a Canadian supplier from whom we have purchased KCL in FY2020 to negotiate supply of KCL at the price and quantity acceptable to us.

For further information on our alternative sourcing, please refer to the section headed "Business – Development in Global Potash Supply and Prices – Measures Taken by us to Address Supply Uncertainty" in this document. Our Directors believe that these alternative sourcing and new business relationships with domestic producer and other overseas suppliers will diversify our source of supplies, and reduce the risk of concentration on a number of existing suppliers.

Price of KCL

The global prices of potash have reportedly risen significantly in early 2022 to a record high of US$875 per tonne from the 2021 price level of US$481 per tonne. The price of fertiliser peaked in May 2022 and since that point, prices have slowly declined, although potash prices have remained stable near historically high levels. In China, the Sea Import Master Contract Price has increased to US$590 per tonne in February 2022 from US$247 per tonne in February 2021. Similar to the global price trend, the price of imported KCL in China has increased significantly in the first half of 2022, peaked in May and June 2022 at approximately US$770 per tonne, and has since recorded gradual decline, although still maintained at a relatively high level as of January 2023, according to Frost & Sullivan.

Financial Impact

Despite the global KCL supply uncertainty and the sanctions of Supplier D, our revenue and gross profit continued to grow in 8MFY2023 compared to 8MFY2022. Our revenue increased from RMB2,043.9 million for 8MFY2022 to RMB2,727.2 million for 8MFY2023 and our gross profit increased from RMB418.9 million for 8MFY2022 to RMB460.7 million for 8MFY2023. Our profit for the period slightly decreased from RMB253.7 million for 8MFY2022 to RMB236.8 million for 8MFY2023.

Although during the Track Record Period our average purchase price of KCL from domestic purchase was generally higher than our average purchase price of KCL from overseas suppliers save for FY2022 and 8MFY2023, our gross profit margin for 8MFY2023 remained relatively stable where we purchased over 99% of KCL by volume from domestic suppliers. We have recorded a similar gross profit margin for 8MFY2022 and 8MFY2023. Our gross profit margin was approximately 6.2%, 12.0%, 16.5%, 20.5% and 16.9% for FY2020, FY2021, FY2022, 8MFY2022 and 8MFY2023, respectively.

During the Track Record Period, we were generally able to pass on most of the impact from the change in our purchase price of KCL to our customers. Our average purchase price per tonne of KCL decreased by approximately RMB211.3 from FY2020 to FY2021, increased by approximately RMB756.7 from FY2021 to FY2022 and increased by approximately RMB1,335.0 from 8MFY2022 to 8MFY2023; while our average selling price per tonne of KCL decreased by approximately RMB180.1 from FY2020 to FY2021, increased by approximately RMB1,143.9 from FY2021 to FY2022 and increased by approximately RMB1,562.4 from 8MFY2022 to 8MFY2023. As such, we had a generally proportional change in our average selling price per tonne of KCL and average purchase price per tonne of KCL, save for FY2021 to FY2022 where we witnessed a greater increase in our average selling price per tonne of KCL than our average purchase price per tonne of KCL.

Despite the global KCL supply uncertainty and our cessation of purchase of KCL from Supplier D, the increase in our average purchase price per tonne of KCL from FY2022 to the ten months ended 31 January 2023 was generally in line with the increase in our average selling price per tonne of KCL for the same period, having excluded the purchase or sale contracts (as the case maybe) entered into prior to February 2022 (i.e. prior to the increase in the Sea Import Master Contract Price) for the ten months ended 31 January 2023. As such, we have been generally able to pass on a significant portion of the increase in the cost of KCL to our customers during a period when the global KCL price has experienced the most significant increase and we believe we will be able to continue to do so, taking into account of the fact that the global KCL price has stabilised since May 2022.

Operational Impact

The global supply of potash fertilisers and raw materials of potash fertilisers have been disturbed by a number of factors, such as the COVID-19 pandemic outbreak in 2020, the international sanctions targeting the Belarus Producer since August 2021, the conflict between Russia and Ukraine starting in February 2022 and the resulting sweeping sanctions against Russia by the Western countries, the rising costs in logistics and transportation as a result of high energy price and global inflation. To ensure our operation would not be materially impacted by the supply chain interruption, it is our strategy to attempt to, if necessary, stock up inventory of KCL to support the uninterrupted production at our factories. During 8MFY2023, we purchased less than 1% of KCL by volume from overseas suppliers directly. Instead, we relied on third parties, domestic suppliers, to procure supply of KCL with origin from overseas. As such, there is minimal impact on our business operation in view of the temporary change of our procurement channel from a mix of overseas and domestic purchase of KCL to primarily domestic purchase of KCL during 8MFY2023.

COVID-19

Since the beginning of 2022, the Omicron variant of COVID-19 has rebounded in China, which have impacted our normal business operations including disruption in logistics services leading to prolonged and delayed delivery in the supply of raw materials by our suppliers and sales of our products to our customers. Further, our Changchun Production Facility was temporarily suspended from mid-March 2022 to end of April 2022 following the guidance from the local government on COVID-19 protection measures. In addition, COVID-19 has also delayed our construction plan of our New Sichuan Production Facility and the Heilongjiang Logistics and Warehousing Centre and the completion of the construction of phase II of our Baoqing Production Facility and phase II of our Anda Production Facility.

Another round of COVID-19 outbreaks throughout October and November 2022 resulted in multiple cities across China under lock-down. Since late 2022 and early 2023, China has experienced a surge in COVID-19 confirmed cases. Some of our operations was temporarily affected. For example, due to the temporary travel restrictions and stay-at-home orders during the regional COVID-19 resurgence in Anda City, Heilongjiang Province in the second half of 2022, we experienced a temporary shortage of employees at our Anda Production Facility and there were also disruptions in the transport of raw materials and products to and from our Anda Production Facility during such period. However, as June to September was our non-peak season, we did not experience a material disruption to the operation of our Anda Production Facility as a result of the above. To maintain normal operation, some of our employees stayed in our Anda Production Facility to work on-site starting in October 2022 and vehicle drivers declared their health status in advance to government authorities so they can access our Anda Production Facility to transport raw materials and products.

Throughout the COVID-19 pandemic, we have closely monitored the development of the COVID-19 pandemic and flexibly adjusted our operational strategies. Although some parts of our operations have been affected by the COVID-19 pandemic, the COVID-19 pandemic outbreak has not materially adversely affected our overall results of operations or financial conditions. Further, there also had not been any suspension of our production facilities due to COVID-19 from May 2022 up to the Latest Practicable Date. Please refer to the section headed "Business – Impact of the COVID-19 Outbreak on our Business" in this document for further information.

However, we may not be able to reasonably or accurately assess or predict the future development of the COVID-19 pandemic, together with its impact on our business, our industry and the broader economy. We will continue to monitor the development of the COVID-19 pandemic and adjust our action plans accordingly to maintain normal business operations. We cannot guarantee you, however, that the COVID-19 pandemic will not further escalate or have a material adverse effect on our overall results of operations and financial conditions.

RECENT DEVELOPMENTS

Recent Financial and Operational Developments

Based on our unaudited management accounts for the ten months ended 31 January 2023, our revenue for the ten months ended 31 January 2023 increased when compared with the corresponding period in the previous financial year primarily due to increase in the selling price of our KCL and SOP products.

Our Anda Production Facility consists of two phases. We have already completed construction of phase I of our Anda Production Facility, which hosted four SOP production lines and two KCL granulating lines, including the one approved by the relevant government authorities in February 2023, as at the Latest Practicable Date. We have also commenced trial production of phase II of our Anda Production Facility in December 2022, which have added an additional four SOP production lines to our production capacity and further increased our total SOP estimated production capacity to 400,000 tonnes. We expect to receive the construction completion approval for phase II of our Anda Production Facility from the relevant authorities in the second half of 2023.

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 Warehousing Centre. The acquisition price for the land use right is RMB60,210,000 and we had paid the acquisition price. 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 Warehousing 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 which the designated railway lines will pass through 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", "Business – Land and Properties – Land" and "Future Plans and Use of [**REDACTED**] – Use of [**REDACTED**] – Heilongjiang Logistics and Warehousing Centre" in this document for further information.

Recent Regulatory Developments

On 17 February 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant five guidelines, which will become effective on 31 March 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime.

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (i) on or prior to the effective date of the Overseas Listing Trial Measures, domestic companies that have already submitted valid applications for overseas securities offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas securities offering and listing; (ii) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements.

Based on the foregoing, if we cannot pass the hearing for the [**REDACTED**] application on or before 31 March 2023, or if we pass the hearing for the [**REDACTED**] application on or before 31 March 2023 but fail to complete the [**REDACTED**] on or before 30 September 2023, our PRC Legal Advisers are of the view that we will be required to complete the filing procedures with the CSRC in connection with the [**REDACTED**]. Please refer to the sections headed "Risk Factors – Risks Relating to our Operations in the PRC – The approval, filing or other requirements of the CSRC or other PRC government authorities may be required under PRC laws" and "Regulatory Overview – Laws and Regulations Relating to Overseas [**REDACTED**]" in this document for further information.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, save as disclosed in this document and for the [**REDACTED**] expenses, since 30 November 2022 (being the date on which the latest audited consolidated financial statements of our Group were prepared) and up to the date of this document, (i) there had been no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there was no material adverse change in the trading and financial position or prospects of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this document.

PROFIT ESTIMATE FOR THE YEAR [ENDED] 31 MARCH 2023

Estimated consolidated profit attributable to owners of our Company(1)	not less than RMB[**REDACTED**]

Note:

(1) The bases on which the above profit estimate for the year [ended] 31 March 2023 has been prepared are summarised in Appendix IIA to this document. Our Directors have prepared the estimated consolidated profit attributable to owners of our Company for the year [ended] 31 March 2023 based on the audited consolidated results for the eight months ended 30 November 2022 and the unaudited consolidated results of our Group for four months [ended] 31 March 2023 based on management accounts of our Group.