BUSINESS OBJECTIVES AND STRATEGIES

Our principal business objective is to strengthen our market position, increase our market share and capture the growth in the construction industry. For details of our business strategies and future plans, please refer to the paragraph headed "Business — Business strategies" in this document and the paragraph headed "**[REDACTED]**" this section below.

Our Group's actual course of business may vary from the business objectives as set out in this document. There can be no assurance that the plans of our Group will materialise in accordance with the expected timeframe or that the business objectives of our Group will be achieved at all.

REASONS FOR THE [REDACTED] AND THE [REDACTED]

Our Directors believe that the **[REDACTED]** is beneficial to our Company and our Shareholders as a whole for the following reasons:

(i) the net **[REDACTED]** from the **[REDACTED]** will provide additional financial resources to our Group for our business plans as set out in the paragraph headed "Business — Business strategies" in this document, which will further strengthen our market position and enable us to capture the future opportunities arising from the growth of the construction industry in Hong Kong;

(ii) a **[REDACTED]** status will enhance our corporate profile and recognition and enable our Group to be considered more favourably by our customers when competing for or securing contracts for demolition and other construction works projects, given that a **[REDACTED]** company is subject to ongoing regulatory compliance for announcements, financial disclosures and corporate governance;

(iii) the **[REDACTED]** will provide a **[REDACTED]** platform for our Company, thereby enabling us to raise the capital required to finance our future growth and expansion plans without reliance on our Controlling Shareholders. This would allow us to gain direct access to the capital market for equity and/or debt financing, both at the time of the **[REDACTED]** and in the future, to fund existing our business operations and future development plans. Such access to capital is expected to be instrumental to our business expansion, improve our operating and financial performance, and ultimately enhance returns to our Shareholders; and

(iv) upon the **[REDACTED]**, our Shares will be **[REDACTED]** on GEM of the Stock Exchange, thereby providing us with a broader shareholder base, which could in turn lead to a more liquid market for the **[REDACTED]** of our Shares.

Funding needs for implementing our business strategies

(i) Our available working capital is not sufficient to finance our future development plans

As at 30 June 2026, our available working capital amounted to approximately HK$30.9 million, comprising: (i) our cash and cash equivalents of approximately HK$24.9 million; and (ii) our available unutilised banking facilities of approximately HK$6.0 million. For further details, please refer to the paragraphs headed "Financial Information — Net current assets" and "Financial Information — Indebtedness" in this document. Our Directors consider that the amount of our available working capital fluctuates from time to time, mainly depending on the timing of payment from our customers and payment to our suppliers and subcontractors. Therefore, the amount of our available working capital as at a particular date may not fully reflect our general liquidity position.

Further, we had experienced significant growth in the scale of our operations during the Track Record Period, which is evidenced by the increase in our revenue from approximately HK$77.3 million in FY2025 to approximately HK$136.8 million in FY2026, while our revenue in 3M2026 amounted to approximately HK$43.2 million as compared to approximately HK$30.0 million in 3M2025. Meanwhile, our cost of services (namely, costs directly related to our projects, which principally comprised subcontractor charges, direct labour costs, raw materials, consumables and other overheads and transportation expenses) increased from approximately HK$58.2 million in FY2025 to approximately HK$97.4 million in FY2026, while our cost of services in 3M2026 amounted to approximately HK$28.4 million as compared to approximately HK$21.2 million in 3M2025. As at the Latest Practicable Date, the closing value of our backlog) amounted to approximately HK$61.0 million. During the Track Record Period, our cost of services increased as our revenue increased. Accordingly, our Directors expect that we will have to incur higher amount of expenses to support our future operations as our business continues to grow.

Out of our available working capital of approximately HK$30.9 million as at 30 June 2026, our Group had reserved a sum of approximately HK$10.5 million for settlement of our current tax liabilities of approximately HK$10.5 million as at 30 June 2026. Further, we had outstanding bank borrowings of approximately HK$5.6 million as at 30 June 2026, comprising (i) secured term loans from bank containing a repayment on demand clause amounting to approximately HK$3.6 million, which have been guaranteed by our Controlling Shareholders and would be repaid upon the **[REDACTED]**; and (ii) secured bank overdraft containing a repayment on demand clause amounting to approximately HK$2.0 million.

Based on the above analysis, after reserving approximately HK$9.0 million for dividend payable, reserving approximately HK$10.5 million for settlement of our current tax liabilities and approximately HK$5.6 million for repayment of the said bank borrowings, and without taking into account other transactions which took place after the Latest Practicable Date, our available working capital as at the Latest Practicable Date was approximately HK$5.8 million.

In view of the aforesaid, our Directors consider that our current available working capital would not have sufficient room for our future development plans such as acquiring machinery and equipment, research and development, expanding our manpower and/or undertaking additional projects which would inevitably require more available cash for up-front costs and general working capital. Therefore, our Directors consider that we will need to raise additional funding through the **[REDACTED]** to facilitate the implementation of our future development plans, while reserving our current available working capital for our existing business operations.

(ii) Our internal resources may not be sufficient to support the implementation of our business strategies

We intend to pursue the business strategies set out in the paragraph headed "Business — Business strategies" in this document and the paragraph headed "**[REDACTED]**" in this section below. Such future development plans would require a total sum of approximately HK$**[REDACTED]**, and our Directors consider that we could not finance such development plans solely by our internal resources without adversely affecting our financial position and liquidity. In particular, our Group recorded net cash generated from operating activities of approximately HK$7.0 million and HK$29.8 million in FY2025 and FY2026, respectively. Assuming that, in the absence of the net **[REDACTED]** of the **[REDACTED]**, our Group would utilise up to HK$**[REDACTED]** out of our net cash generated from operating activities in each financial year to finance our future development plans, it would take us approximately eight years to implement such development plans. Further, there is uncertainty in making estimation about the level of our operating cash inflow over a timespan of approximately eight years, as the level of net cash generated from operating activities may fluctuate from time to time and is affected by factors beyond our control, including, among other things the timing and amount of billing to and receipts from our customers and the amount and timing of payments to our suppliers and subcontractors. There is no guarantee that we will be able to generate sufficient cash inflow from our operating activities in the forthcoming years to support our future development plans. Even if we could accumulate sufficient cash inflow from our operating activities to support our future development plans within the said timeframe of approximately eight years, by that time, we may have lost the opportunity to fully capture the forecasted growth in building demolition and the construction industry more generally from 2026 to 2030 as stated in the Frost & Sullivan Report.

Having considered the above, our Directors are of the view that, as compared to relying on our operating cash inflow, equity financing can provide the necessary funding for our Group to pursue our business strategies under our future development plans in a timely manner.

(iii) Benefits of [REDACTED] financing over debt financing

Our Directors consider that it is in the interests of our Group and our Shareholders as a whole to proceed with **[REDACTED]** financing in the form of the **[REDACTED]**, which would be more sensible and preferable as an efficient and sustainable fund-raising platform as compared to debt financing in the form of bank borrowings, taking into account, among other things, that:

- We have previously applied to four lending companies in Hong Kong each of an unsecured loan facility in the amount of HK$10.0 million. Each of these lending companies has rejected our applications after their credit approval evaluations as they normally did not grant any loan facility to private company unless the applicant and/or its shareholder(s) could provide acceptable assets as security. As at 30 June 2026, we did not own any leasehold property and

the net carrying amount of our property and equipment (comprising leasehold improvements, furniture and equipment, motor vehicles and site equipment) amounted to only approximately HK$3.9 million. Therefore, our Group did not have sufficient available assets to provide for the required loan security.

- The proceeds drawn from the banking facilities are subject to repayment obligations for the principal amount and associated interest expenses, and we may encounter risk of default which would entitle the bank to demand immediate repayment of all the outstanding loan amount and other enforcement actions against us in the event that we are unable to generate sufficient cash inflow from our operating activities during the repayment period.

- A rise in interest rate or any sudden unexpected deterioration in the prevailing market conditions in Hong Kong may lead to imposition of additional requirement to regular repayment of interest and principal, which may negatively affect our financial performance and liquidity. By comparison, the **[REDACTED]** from the **[REDACTED]** will become our equity without any additional financial repayment obligations towards our Shareholders under normal circumstances.

- Based on our equity attributable to equity holders as at 30 June 2026, it is estimated that our gearing ratio would increase if we fully finance our future plans by debt financing, which may adversely affect our financial credibility and financial condition and limit our future ability to obtain further financing from financial institutions to support our daily operations and business expansion.

- If we raise additional funds by incurring debt financing, we may be subject to various covenants under the relevant debt instruments that may, among others, restrict our business operation or ability to obtain additional financing or pay dividend.

[REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**, and after deducting related **[REDACTED]** fees and estimated expenses in connection with the **[REDACTED]** and the **[REDACTED]** is not exercised, our Group estimates that the aggregate net **[REDACTED]** to our Company from the **[REDACTED]** will be approximately HK$**[REDACTED]** million. We intend to apply such net **[REDACTED]** in the following manner:

(a) Funding upfront costs of our projects

Approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be used to fund the upfront costs and expenses of our projects, including, among others, the costs of site workers, engagement of subcontractors, purchase of construction materials, arranging or hiring the requisite machinery and equipment, as well as purchasing the requisite insurances to cover the potential liabilities of our Group and our subcontractors in compliance with the applicable laws and regulations.

As a main contractor, we are normally required to pay for such upfront costs, which generally: (i) are payable before the commencement and during the early stages of the building demolition and other construction work projects; (ii) will materialise in the project with the estimated amount fixed and subject to terms of the contract specific to the project; and (iii) are paid in circumstances that are reasonably foreseeable by our Group. The purpose of reserving the upfront costs is to satisfy upfront cost requirements before we receive first progress payments from our customers. Based on the reasonable estimation of our Directors with reference to our historical projects during the Track Record Period, we are generally required to pay in advance or reserve a sum amounting to approximately 20% of the total contract sum to satisfy the upfront cost requirement.

The said sum of approximately HK$**[REDACTED]** to be used to fund the upfront costs of our projects shall comprise: (i) approximately HK$**[REDACTED]** to be applied to two projects which had been awarded to our Group but which had not been commenced as at the Latest Practicable Date; and (ii) approximately HK$**[REDACTED]** to be applied to other potential new projects which we tendered and may be awarded to our Group before the **[REDACTED]** and/or other potential new projects, as will be further elaborated below:

(i) Upfront costs of projects awarded to our Group

	Project	Customer	Type(s) of works	Type(s) of building/ structure	Expected commencement date	Contract sum *(HK$'million)*	Amount of net [REDACTED] to be applied to the project *(Note 1)* *(HK$'million)*
1.	Project no. K	Customer Group H	Demolition and hoarding works	Residential	Fourth quarter of 2026 to first quarter of 2027	**[REDACTED]**	**[REDACTED]**
2.	Project no. L	Customer M	Demolition and hoarding works	Commercial	N/A*(Note 2)*	**[REDACTED]**	**[REDACTED]**
					Total:	**[REDACTED]**	**[REDACTED]**

Notes:

1. The amount of net **[REDACTED]** to be applied to each potential new project is calculated based on our experience in previous projects during the Track Record Period, which generally amounted to approximately **[REDACTED]**% of the total contract sum which we need to reserve in advance to satisfy the upfront costs.

2. The commencement of works for this project will be subject to the execution of the formal contract between our Group and the customer, which remained pending as at the Latest Practicable Date. However, based on arrangements agreed with the customer, we commenced certain preliminary works in August 2026, namely the removal of unauthorized building works at the project site.

(ii) Upfront costs of potential new projects

During the period from 1 July 2026 to the Latest Practicable Date, we submitted tenders and quotations for a total of seven projects, of which two projects had been awarded to our Group, and the results of our tenders and quotations for five other projects were yet to be known as at the Latest Practicable Date.

As set out in the paragraph headed "Business — Tender or quotation — Award of contract — Tender/quotation success rate" in this document, the success rates of our tenders and quotations for FY2025, FY2026 and 3M2026 were approximately 25.6%, 26.3% and 28.6%, respectively, representing an average success rate of approximately 26.8% during the said years/period.

Thus, out of the said five potential new projects for which we had submitted tenders or quotations, the Directors expect that we may be further awarded one to two projects based on the historical success rates of our tenders and quotations. Such potential new projects include projects for demolition and hoarding works, maintenance works, alterations and additions works, and superstructure works, with estimated total contract sum (based on the pricing in the tenders and quotations submitted by us) of approximately HK$387.5 million.

We intend to apply approximately HK$**[REDACTED] [REDACTED]** out of the net **[REDACTED]** of the **[REDACTED]** to fund the upfront costs of such potential new projects and/or other new projects to be tendered by our Group after the Latest Practicable Date, which will be applied depending on the outcome of our tenders and quotations and the order in which we obtain such potential new projects.

Although our Directors are confident that we will be able to achieve business growth in the future, there is no assurance that we will succeed in our tenders and quotations. Should we be unable to obtain the potential new projects as scheduled, we will continue to submit tenders and quotations actively for alternative projects and utilise the net **[REDACTED]** to finance the upfront cost requirements of such alternative projects. On the other hand, if the upfront cost requirements during any year/period is larger than our allocated net **[REDACTED]**, we will utilise our internal resources and/or debt financing to finance the outstanding upfront cost requirements.

(b) Acquisition of machinery

Approximately HK$**[REDACTED] [REDACTED]**, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be used to acquire new machinery, as follows:

Cost items	**Number of units**	**Approximate price per unit** *(HK$ million)*	**[REDACTED]** *(HK$ million)*
Acquisition costs			
— Long boom excavator	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Demolition robot — lightweight	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Demolition robot — heavy duty	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Related installation and setup costs	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Total:	**[REDACTED]**

As set out in the paragraph headed "Business — Business strategies — Strengthen our machinery" in this document, while we have leased the majority of the machinery and equipment used in the performance of our projects, we intend to acquire machinery to enable us to further enhance our work site safety and efficiency, while lowering our project costs and reducing reliance on third party machinery and equipment leasing service providers.

(c) Further enhancing our quality, efficiency and safety standards

Approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be used to invest in the research and development of AI and other innovative technologies for application in our business operations to further enhance our quality, efficiency and safety standards, in particular:

(i) approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be applied to the research and development of an automated vibration monitoring system which integrates IoT and reinforcement learning for structural health monitoring of temporary propping used in top-down mechanical demolition works; and

(ii) approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be applied to the research and development of an AI-enhanced site safety monitoring system for the identification and prevention of potential safety risks and hazards in construction works.

We have entered into a memorandum of understanding with external service providers in Hong Kong for the purpose of the research and development of each of the above technologies. Through such investment in research and development, we aim to enhance our technical capability to streamline our operational processes and further improve the quality, efficiency and safety standards in the implementation and execution of our projects, thereby strengthening our competitiveness and strategic position in the evolving construction industry in Hong Kong, while enabling our Group to exercise more effective control of our project costs.

The following table sets out the particulars and breakdown of costs of research and development of the automated vibration monitoring system and AI-enhanced site safety monitoring system mentioned above:

System	**Components**	**Estimated costs** *HK$*
Automated vibration monitoring system	Hardware (sensors, IoT system, edge computing, AI server, end tools)	**[REDACTED]**
	Manpower (CTO, AI Engineer, Mechatronic Engineer, Technicians — 24 months)	**[REDACTED]**
	Patent applications (2 filings)	**[REDACTED]**
	Journal publications (2 papers)	**[REDACTED]**
	Contingency	**[REDACTED]**
	Total	**[REDACTED]**

System	Components	Estimated costs *HK$*
AI-enhanced site safety monitoring system	Development of the Centralised Management Platform for the Intended System	**[REDACTED]**
	Demolition AI Vision & Algorithmic Engine	**[REDACTED]**
	Procurement of Hardware and software (IoT Devices & Edge Devices)	**[REDACTED]**
	e-PTW & Asset Tracking	**[REDACTED]**
	On-site Testing, POC & Certification	**[REDACTED]**
	Intellectual Property, patent application & maintenance	**[REDACTED]**
	Total	**[REDACTED]**

In the event that the net **[REDACTED]** of the **[REDACTED]** are insufficient to cover the above costs, our Group plans to fund the shortfall by internal resources such as cash flows from operations.

(d) Strengthening our manpower

Approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be used to strengthen our manpower. In particular, we intend to recruit the following additional staff:

Position	Experience/qualifications	Number of staff to be recruited	Monthly salary for each staff *HK$*	Total salary expenses per month *HK$*
Project manager	At least five years of local experience in the construction industry (including at least three years of experience in building demolition sector)	1	**[REDACTED]**	**[REDACTED]**
Technical officer	At least five years of local experience in the construction industry (including at least three years of experience in building demolition sector)	1	**[REDACTED]**	**[REDACTED]**
Technical staff	At least three years of local experience in the construction industry (including at least two years of experience in building demolition sector)	1	**[REDACTED]**	**[REDACTED]**
Site supervisor	At least three years of local experience in the construction industry (including at least two years of experience in building demolition sector)	2	**[REDACTED]**	**[REDACTED]**
Safety officer	Registration with the Labour Department to act as safety officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations	1	**[REDACTED]**	**[REDACTED]**

Position	Experience/qualifications	Number of staff to be recruited	Monthly salary for each staff *HK$*	Total salary expenses per month *HK$*
Environmental officer	Bachelor's degree in environmental science, biology, geography, or a related field	1	[REDACTED]	[REDACTED]
Administrative staff	N/A	1	[REDACTED]	[REDACTED]
Total:		**8**	**/**	**[REDACTED]**

(e) General working capital

Approximately HK$**[REDACTED] [REDACTED]**, representing approximately **[REDACTED]**% of the estimated net **[REDACTED]**, will be used for general working capital.

Our Directors believe that the **[REDACTED]** will broaden our **[REDACTED]** and capital base, provide a **[REDACTED]** platform for future growth and expansion, and strengthen our financial flexibility. Part of the **[REDACTED]** will be applied towards our general working capital, which will support our day-to-day operations and facilitate the implementation of our business strategies.

IMPLEMENTATION PLANS

The following table sets forth a breakdown of how the estimated net **[REDACTED]** to be received by us from the **[REDACTED]** are intended to be applied and the timing of application:

[REDACTED]	From the Latest Practicable Date to 31 March 2027 *(HK$'million)*	From the Latest Practicable Date to 31 March 2028 *(HK$'million)*	Total *(HK$'million)*	Portion of estimated net [REDACTED] *%*
Funding upfront costs of our projects	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition of machinery	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Further enhancing our quality, efficiency and safety standards				
— research and development of an automated vibration monitoring system for structural health monitoring of temporary propping	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— research and development of AI-enhanced site safety monitoring system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strengthening our manpower	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the above implementation plans:

(i) the **[REDACTED]** will be completed in accordance with and as described in the section headed "Structure and conditions of the **[REDACTED]**" in this document;

(ii) our Group will be able to continue our operations in substantially the same manner as we have been operating during the Track Record Period and up to the Latest Practicable Date, and we will be able to carry out the implementation plans without adversely affecting our operations;

(iii) our Group will not be materially affected by any risk factor set out in the section headed "Risk factors" in this document, and there will be no disasters, natural, political or otherwise, which would materially disrupt the business operations of our Group;

(iv) there will be no changes in the effectiveness of the licences, registrations, permits and qualifications obtained by our Group;

(v) our Group will be able to retain our major customers and suppliers; and

(vi) there will be no material changes in the existing political, legal, fiscal or economic conditions, and in the bases or rates of taxation in Hong Kong, and any other place in which any member of our Group carries on or will carry on its business.

There can be no assurance that the net **[REDACTED]** from the **[REDACTED]** will be sufficient for fully implementing our business expansion plans. In the event any of the above principal assumptions no longer applies or that the **[REDACTED]** becomes unsuccessful such that the net **[REDACTED]** from the **[REDACTED]** become unavailable to us, we may adjust the timing and scale of our business expansion plans and/or seek alternative form of financing.

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

In the event that the **[REDACTED]** is exercised in full, we estimate that we will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]** **[REDACTED]** after deducting the related **[REDACTED]** and assuming an **[REDACTED]** **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**. In the event that the **[REDACTED]** **[REDACTED]** is set at the low-end of the indicative **[REDACTED]** **[REDACTED]** range and the **[REDACTED]** is exercised in full, our Company will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]** after deducting the related **[REDACTED]**. In the event that the **[REDACTED]** **[REDACTED]** is set at the high-end of the indicative **[REDACTED]** **[REDACTED]** range and the **[REDACTED]** is exercised in full, our Company will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]** after deducting the related **[REDACTED]**. The allocation of the additional net **[REDACTED]** will be used in the same proportion as the original net **[REDACTED]**.

In the event that the **[REDACTED] [REDACTED]** is set at the highest or lowest point of the indicative **[REDACTED] [REDACTED]** range, and assuming the **[REDACTED]** is not exercised, the net **[REDACTED]** to be received from the **[REDACTED]** after deducting the related **[REDACTED]** fees and estimated expenses in connection with the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively, as compared to the net **[REDACTED]** to be received based on the mid point of the indicative **[REDACTED] [REDACTED]** range. In such event, the net **[REDACTED]** will be used in the same proportions as disclosed above and will be increased or decreased correspondingly.

We will issue an announcement in the event that there is any material change in the **[REDACTED]** of the **[REDACTED]** as described above.