

FUTURE PLANS AND USE OF PROCEEDS

OUR BUSINESS OBJECTIVES

Our primary business objectives are (i) to strengthen our position as being one of the leading local architectural service providers in Hong Kong; and (ii) to expand our market share in the architectural service industry in the PRC. To achieve such objectives, our Group intends to implement the strategies below.

OUR BUSINESS STRATEGIES

To achieve our business objectives, we aim to further establish a multi-centre operation model to increase our productivity and profitability. The following are the strategies to achieve the same:

To enhance our information technology infrastructure

Our Directors believe that our knowledge base is our most valuable asset. We have accumulated valuable experience in both design and project execution. The effective application of our experience/knowledge in a larger scale and multi-centre operation model will enhance our market position and ensure our growth to be sustainable. As such, the enhancement of the information technology infrastructure will help us to gather and arrange our experience and knowledge in a systematic manner, which in turn increases our capacity in:

- 1) Design information management;
- 2) Resources management; and
- 3) Visualisation and presentation technology.

We intend to invest resources to build up and implement the following to improve cost and operating efficiency:

- 1) *Design information management platform*

The transformation of our project experience into retrievable data and application to the new projects will ensure the consistency of our quality in both design and project management. This unified design information management platform with information archive and retrieval system will facilitate the multi-centre operation model. In addition, it will increase our design efficiency and hence reduce our cost.

- 2) *Cost management system*

The optimum allocation of resources is the key to our profitability. We plan to establish an integrated cost management system with cost budgeting, resources allocation and monitoring functions, which enables us to monitor our expenses and output throughout the life span of every project.

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3) *Building information modelling (BIM) system and three-dimensional (3D) printing*

With the new technology of the BIM system and 3D printing, we can handle more complicated projects in a more precise manner. In addition, our design deliverables are easier to comprehend and hence facilitate our workflow. Our Directors believe that the BIM system and 3D printing enable professionals at different locations to visualize and work on the same project at the same time. This enables multi-teams at different locations to work on one project.

To carry out marketing activities in the PRC

Marketing activity is restricted in the architectural service industry in Hong Kong. Nevertheless, in the PRC, there are fewer restrictions to marketing and advertising activities in the architectural service industry. As such, in order to increase our public awareness in the PRC, we have and will carry out marketing activities in the PRC, especially in the first tier cities, including Shenzhen, Shanghai, Guangzhou and Beijing. The marketing activities to be carried out include exhibition, conference, sponsorship, design competition, direct marketing and advertisement. Our Directors believe that ongoing awareness of environmental protection leads to an increasing demand for environmental building design. The idea of environmental building design, i.e. “Go Green”, is one of our main themes of our marketing strategies. We believe our extensive marketing activities will enhance the awareness of our Group and therefore, hopefully broaden our clientele base in the PRC.

To expand our offices and teams

1) *To expand our offices in first tier and second tier cities in the PRC*

Our headquarter is located in Hong Kong and we have five offices in the PRC, namely in Shenzhen, Shanghai, Guangzhou, Chengdu and Shenyang. To maximize the benefits from our established and expanding client network, it is our strategy to expand our offices in both first tier and second tier cities in the PRC.

We believe that the offices in the first tier cities in the PRC will serve the following purposes:

- 1) Recruitment of professionals — the established market provides a large pool of talents in the industry.
- 2) More business opportunities for high quality design — in general, first tier cities with higher degree of economic development can afford more sophisticated projects.
- 3) Corporate image building — the establishment of regional offices in the first tier cities will reinforce our market presence and corporate image in the PRC.

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- 4) Capture of business opportunities from the cities in the vicinity — the developers in these major development areas usually look for quality architectural service provider in the first-tier cities located nearby.

In addition, establishing offices in the second tier cities in the PRC allows us to enjoy a lower operating cost, increase our market penetration and gain access to an alternative market for professional recruitment.

As of the Latest Practicable Date, we did not have specific targeted locations for setting up new offices nor had we decided on the number of new offices to be opened.

- 2) *To expand our team of landscape architecture, town planning and interior design*

We see the potential growth on demands for services of landscape architecture, town planning and interior design. During the Track Record Period, there were increasing demands from our PRC clients for the service of landscape architecture, town planning and interior design. Our Directors believe that the developers require reliable quality service providers and they welcome comprehensive architectural service providers which can save their management time, reduce coordination problems and resources. Our established and expanding client network gives us a favorable opportunity to further expand these three disciplines. Compared to the projects of architecture, we consider that the projects of landscape architecture, town planning and interior design usually have a shorter project cycle.

IMPLEMENTATION PLANS

We will endeavour to achieve the milestone events set out below during the period from the Latest Practicable Date to 30 June 2016. Their respective scheduled completion time are based on certain bases and assumptions as set out in the paragraph headed “Bases and Assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular, the risk factors as set out in the section headed “Risk Factors” in this prospectus.

1. For the period from the Latest Practicable Date to 30 June 2014

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| To enhance our information technology infrastructure | <ul style="list-style-type: none">• invest resources to build up the design information management platform, cost management system, BIM system and 3D printing technology |
| To carry out marketing activities in the PRC | <ul style="list-style-type: none">• organise design forums, seminars or conferences with academic institutions or professional bodies/associations in order to promote our “Go Green” building design idea continuously |

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- To expand our offices and teams

 - carry out design exhibitions in first tier cities in the PRC
 - set up offices for our operations of landscape architecture, town planning and interior design to cater for our potential growth of these three practice areas
 - expand and transform our current offices in first tier cities in the PRC to regional offices

2. For the six months ending 31 December 2014

- To enhance our information technology infrastructure

 - carry out the build-up and conduct the testing of the cost management system, design information management platform, BIM system and 3D printing technology
- To carry out marketing activities in the PRC

 - provide sponsorships to architecture programmes at the university level in the PRC
 - directly carry out advertisement through various media platforms
- To expand our offices and teams

 - carry out our expansion and transformation of our current offices in first tier cities in the PRC to regional offices
 - develop our offices in second tier cities in the PRC to provide design support to our Hong Kong headquarters and other regional offices

3. For the six months ending 30 June 2015

- To enhance our information technology infrastructure

 - implement the cost management system, design information management platform, BIM system and 3D printing technology in full scale
- To carry out marketing activities in the PRC

 - organise design forums, seminars or conferences with academic institutions or professional bodies/associations in order to promote our “Go Green” building design idea continuously

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- carry out design exhibitions in first tier cities in the PRC
- To expand our offices and teams
 - further develop our offices in second tier cities in the PRC to provide design support to our Hong Kong headquarters and other regional offices

4. For the six months ending 31 December 2015

- To enhance our information technology infrastructure
 - monitor the performance of the design information management platform, cost management system, BIM system and 3D printing technology
- To carry out marketing activities in the PRC
 - provide sponsorships to architecture programmes at university level in the PRC
 - carry out design exhibitions in first and second tier cities in the PRC
- To expand our offices and teams
 - continue to expand and transform our current offices in first tier cities in the PRC to regional offices
 - further develop our offices in second tier cities in the PRC as back-up offices to provide design support to our Hong Kong headquarters and other regional offices

5. For the six months ending 30 June 2016

- To enhance our information technology infrastructure
 - monitor the performance of our design information management platform, cost management system, BIM system and 3D printing technology
- To carry out marketing activities in the PRC
 - assess the performance of our marketing activities
- To expand our offices and teams
 - continue to expand and transform our current offices in first tier cities in the PRC to regional offices

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BASES AND ASSUMPTIONS

The business objectives set forth by our Directors are based on the following bases and assumptions:

- there will be no significant economic changes in respect of inflation, interest rate, tax rate and currency exchange rate in Hong Kong and the PRC that will adversely affect our business;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the existing laws (whether in Hong Kong, the PRC or any part of the world), policies or industry or regulatory treatment relating to provision of architectural design in Hong Kong, the PRC, or in the political, economic or market conditions in which we operate;
- there will be no changes in the funding requirement for each of the near term business objectives described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in the bases or rates of taxation applicable to our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group or cause substantial loss, damage or destruction to its properties or facilities;
- there will be no changes in the effectiveness of the licenses and permits obtained by our Group; and
- we will not be materially affected by the risk factors as set forth in the section headed “Risk Factors” in this prospectus.

REASONS OF THE PLACING AND PROPOSED USE OF NET PROCEEDS

There is no specific ranking system in the architectural service industry in Hong Kong and our ability to secure new projects depends heavily upon our corporate image and reputation as we generally obtain our business by invited tendering, our Directors believe that the Listing will enhance our Group’s corporate image and reputation as well as further strength our position in the market. Coupled with our sound track record and wide market recognition, our Directors consider that the Listing will allow our Group to enjoy a first-mover advantage in both Hong Kong and the PRC as the first architectural service provider to be listed in the Stock Exchange, thus we are better positioned to carry out our marketing activities, particularly in the PRC. Hence, the Listing will serve as an indicator for property developers to select architectural service providers, which further strengthen our position as being one of the leading local architectural service providers in

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Hong Kong and is beneficial to our business development in the PRC as well as enable us to implement our business plan as set out in this section. Furthermore, the Listing and the Placing will provide us with access to capital market for future corporate finance exercises to assist in our future business development and further strengthen and enhance our competitiveness. In addition, the Listing will expand and diversify our shareholders base as it will allow institutional and professional investors in Hong Kong to easily participate in the equity of our Company, thereby establishing a solid institutional and professional shareholders base to the benefit of our Company and Shareholders as a whole. On operational level, our Directors consider that the Listing will enhance our recruitment strategy to attract more talented staff worldwide.

On the basis that the Placing Price is HK\$0.80 (being the mid-point of the indicative range of the Placing Price), our Directors estimate that the net proceeds from the Placing payable to us (after deducting underwriting fees and estimated expenses payable by us in connection with the Placing) will be approximately HK\$16.0 million (assuming that the Offer Size Adjustment Option is not exercised). Our Directors intend that the net proceeds payable to us from the Placing will be applied for the period from the Latest Practicable Date to 30 June 2016 as follows:

	From the Latest Practicable Date to 30 June 2014	For the six months ending				Total HK\$ million	% of net proceeds
		31 Dec 2014 HK\$ million	30 Jun 2015 HK\$ million	31 Dec 2015 HK\$ million	30 Jun 2016 HK\$ million		
To enhance our information technology infrastructure							
• Design Information	1.0	0.5	0.5	-	-	2.0	12.5%
• Cost Control/Resources Management	0.8	0.4	0.5	-	-	1.7	10.6%
• BIM/3D Printing	0.5	0.5	0.3	-	-	1.3	8.1%
To carry out marketing activities in the PRC	0.5	0.8	0.4	0.3	-	2.0	12.5%
To expand our offices and teams	2.0	2.0	2.0	2.0	1.0	9.0	56.3%
Total:	4.8	4.2	3.7	2.3	1.0	16.0	100%

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If the Placing Price is determined at the high-end of the indicative range of the Placing Price, the net proceeds from the Placing payable to us would be increased to approximately HK\$20.5 million. We intend to apply such additional net proceeds to the above proposed usage on a pro-rata basis. If the Placing Price is determined at the low-end of the indicative range of the Placing Price, the net proceeds from the Placing payable to us would be decreased to approximately HK\$11.5 million. We intend to reduce the net proceeds to the above proposed usage on a pro-rata basis.

If the Offer Size Adjustment Option is exercised in full, assuming a Placing Price of HK\$0.8 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.7 to HK\$0.9 per Placing Share, the net proceeds will be increased by approximately HK\$5.2 million. Our Directors intend to apply such additional proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of our Directors that they will be placed as short-term deposits with licensed banks in Hong Kong.

Our Directors consider that the net proceeds from the Placing together with our internal resources will be sufficient to finance the implementation of our business plans as set forth in the paragraphs under “Implementation Plans” in this section. **Investors should be aware that any part of our business plans may not proceed according to the time frame as described under the above due to various factors. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits until the relevant business plan materialises.**