
FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our Directors believe that the listing of our Shares on GEM will enhance our corporate profile and the net proceeds from the Placing will strengthen our financial position and will enable us to implement our business plans set out in the section headed “**Implementation plan**” in this section below.

Furthermore, a public listing status on the Stock Exchange will give us access to the capital market for corporate finance exercise which will assist us in our future business development, enhances our corporate profile and strengthens our competitiveness.

Please refer to the section headed “Business – Business strategies” in this prospectus for our business objectives and strategies.

IMPLEMENTATION PLAN

In pursuance of the above business objectives, the implementation plans of our Group are set forth below for each of the six-month periods until 31 December 2017. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to the paragraph headed “Bases and Assumptions” in this section below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” of this prospectus.

For the period from the Latest Practicable Date to 31 December 2015

| Business strategies | Implementation activities | Source of funding |
|--|---|--------------------------|
| To expand the scope of our services | <ul style="list-style-type: none">Conduct feasibility studies on enhancement of the existing facilities for chilled and frozen products | Internal fund |
| To enhance our sales and marketing effort | <ul style="list-style-type: none">Conduct market research on the industry trend and development | Internal fund |
| To further strengthen our information technology and systems | <ul style="list-style-type: none">Obtain quotation from service providers and discuss the scope of service with the service providers | Internal fund |

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For the six months ending 30 June 2016

| Business strategies | Implementation activities | Source of funding |
|--|--|--|
| To expand the scope of our services | <ul style="list-style-type: none"> • Install air-conditioner in a designated area in our Group's existing warehouse so as to store wine, eggs, canned food and cosmetic products • Purchase of one refrigerator vehicle to transport chilled and frozen food | Net proceeds of the Placing of approximately HK\$7.0 million |
| To enhance our sales and marketing effort | <ul style="list-style-type: none"> • Initiate marketing and promotion campaigns | Net proceeds of the Placing of approximately HK\$0.3 million |
| To attract and retain talented and experienced personnel | <ul style="list-style-type: none"> • Employ three new staff | Net proceeds of the Placing of approximately HK\$0.5 million |

For the six months ending 31 December 2016

| Business strategies | Implementation activities | Source of funding |
|--|---|--|
| To enhance our sales and marketing effort | <ul style="list-style-type: none"> • Launch of marketing and promotion campaigns | Net proceeds of the Placing of approximately HK\$0.3 million |
| To further strengthen our information technology and systems | <ul style="list-style-type: none"> • Review and maintain the performance of the ERP systems • Install and test run the barcode system | Net proceeds of the Placing of approximately HK\$0.3 million |
| To attract and retain talented and experienced personnel | <ul style="list-style-type: none"> • Retain talented and experienced personnel | Net proceeds of the Placing of approximately HK\$0.5 million |

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For the six months ending 30 June 2017

| Business strategies | Implementation activities | Source of funding |
|--|---|---|
| To expand the scope of our services | <ul style="list-style-type: none"> • Rent new premises and renovate the same as a cold storage warehouse • Completion of renovation for chilled and frozen facilities | Net proceeds of the Placing of approximately HK\$12.0 million |
| To enhance our sales and marketing effort | <ul style="list-style-type: none"> • Continue to implement the marketing and promotion campaigns | Net proceeds of the Placing of approximately HK\$1.1 million |
| To further strengthen our information technology and systems | <ul style="list-style-type: none"> • Review and maintain the performance of the ERP systems • Initiate the implementation of barcode system for inventory tracking | Net proceeds of the Placing of approximately HK\$1.1 million |
| To attract and retain talented and experienced personnel | <ul style="list-style-type: none"> • Retain talented and experienced personnel | Net proceeds of the Placing of approximately HK\$0.5 million |

For the six months ending 31 December 2017

| Business strategies | Implementation activities | Source of funding |
|--|---|--|
| To enhance our sales and marketing effort | <ul style="list-style-type: none"> • Monitor and assess the performance of the marketing and promotion campaigns | Net proceeds of the Placing of approximately HK\$1.5 million |
| To further strengthen our information technology and systems | <ul style="list-style-type: none"> • Review and maintain the performance of the ERP systems including the barcode system | Net proceeds of the Placing of approximately HK\$0.7 million |
| To attract and retain talented and experienced personnel | <ul style="list-style-type: none"> • Retain talented and experienced personnel | Net proceeds of the Placing of approximately HK\$0.6 million |

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BASES AND ASSUMPTIONS

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

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no change in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the Placing will be completed in accordance with and as described in the section headed “Structure and Conditions of the Placing” in this prospectus;
- our Group will be able to retain key staff in the management and the main operational departments;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out under the section headed “Risk Factors” in this prospectus.

REASONS FOR THE PLACING

Our Directors believe that the Placing will enhance our Group’s profile, strengthen the competitiveness and financial position of our Group, and provide our Group with additional working capital to implement the future plans set out in the paragraph headed “Implementation plan” in this section above.

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USE OF PROCEEDS

We estimate that the aggregate net proceeds of the Placing (after deducting underwriting fees and estimated expenses payable by us in connection with the Placing) based on the Offer Price of HK\$0.5 per Placing Share will be approximately HK\$42.4 million, assuming that the Offer Size Adjustment Option is not exercised at all. We currently intend to apply such net proceeds in the following manner:

Our Directors presently intend to apply the aforesaid net proceeds as follows:

- (i) approximately 44.8% of the total estimated net proceeds, or approximately HK\$19.0 million, will be used to expand the scope of our services;
- (ii) approximately 7.5% of the total estimated net proceeds, or approximately HK\$3.2 million, will be used to enhance our sales and marketing effort;
- (iii) approximately 5.0% of the total estimated net proceeds, or approximately HK\$2.1 million, will be used to further strengthen our information technology and systems;
- (iv) approximately 5.0% of the total estimated net proceeds, or approximately HK\$2.1 million, will be used to attract and retain talented and experienced personnel;
- (v) approximately 28.3% of the total estimated net proceeds, or approximately HK\$12.0 million, will be used to repay parts of the bank loan to be drawn down from a financial institution prior to Listing. The bank loan was used to settle our amounts due to directors of approximately HK\$18.0 million as at 31 October 2015, which represented the dividends paid to the shareholders, and to strengthen our general working capital. The reason for using bank loan, notwithstanding that interest will be payable, is mainly to provide flexibility on the cash flow of our Group. The interest rates of the loan are 2.25% plus 3 months HIBOR per annum and will mature in June 2017; and
- (vi) approximately 9.4% of the total estimated net proceeds, or approximately HK\$4.0 million, will be used as general working capital.

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For the period from the Latest Practicable Date to 31 December 2017, our net proceeds from the Placing will be used as follows:

| | From the Latest Practicable Date to 31 December 2015 (HK\$'000) | For the six months ending 30 June 2016 (HK\$'000) | For the six months ending 31 December 2016 (HK\$'000) | For the six months ending 30 June 2017 (HK\$'000) | For the six months ending 31 December 2017 (HK\$'000) | Total (HK\$'000) |
|--|---|--|--|--|--|---------------------|
| Expanding the scope of services | – | 7,000 | – | 12,000 | – | 19,000 |
| Enhancing sales and marketing effort | – | 300 | 300 | 1,100 | 1,500 | 3,200 |
| Strengthening information technology and systems | – | – | 300 | 1,100 | 700 | 2,100 |
| Attracting and retaining talented and experienced personnel | – | 500 | 500 | 500 | 600 | 2,100 |
| Repaying the bank loan | – | 5,000 | 5,000 | 2,000 | – | 12,000 |
| | – | 12,800 | 6,100 | 16,700 | 2,800 | 38,400 |

The net proceeds from the issue of the Placing Shares will be approximately 90.6% utilised by 31 December 2017 and approximately 9.4% will be used as working capital and funding for other general corporate purposes according to our current business plans.

In the event the Offer Size Adjustment Option is exercised in full, the net proceeds from the Placing will increase by approximately HK\$9.0 million. Under such circumstances, we will adjust our allocation of the net proceeds in the same proportion as set out above.

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 such net proceeds will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. Our Directors consider that the net proceeds from the Placing together with the internal resources of our Group will be sufficient to finance the implementation of our Group's business plans as set out in the paragraph headed "Implementation Plan" in this section of this prospectus.

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described under the paragraph headed "Implementation Plan" in this section of this prospectus due to various factors such as changes in customers' demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong until the relevant business plan materialises.

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