

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVE

Our business objective is to achieve sustainable growth in our business in Hong Kong by consolidating and expanding our works capacity in Hong Kong.

BUSINESS STRATEGIES

Please refer to the paragraph headed “Business — Business strategies” in this document for our business strategies.

IMPLEMENTATION PLANS

We will endeavour to achieve the milestone events set out below during the period from the Latest Practicable Date to 31 March 2018. Their respective scheduled completion times 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 set out in the section headed “Risk factors” of this document. There can be no assurance that our plans will materialise in accordance with the expected time frame or that our objective will be accomplished at all. Based on our business objectives, we intend to carry out the following implementation plans:

1. For the period from the Latest Practicable Date to 30 September 2016

- | | | |
|---|---|--|
| To reserve more capital to satisfy our potential customers’ requirement for surety bond | — | To purchase surety bond as required for any new project |
| To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses | — | To carry out recruitment |
| | — | To arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses |
| | — | To evaluate the performance of our staff and the size of our departments |
| To acquire machinery | — | To carry out preparatory work including research and selection of the suitable crawler drill to be purchased and seek quotations thereof |
| To reduce our gearing ratio | — | To repay certain bank borrowing in an one-off manner ^(Note 1) |
| | — | To repay all outstanding finance leases in an one-off manner ^(Note 2) |

Notes:

1. It refers to outstanding facility loans of HK\$8 million, among which HK\$2 million was incurred by our Group in October 2015 for general working capital, with interest rate charged at 2.75% over fixed HIBOR, and will mature on or before October 2017.
2. It refers to our outstanding finance leases which our Group leases certain of its motor vehicles and machineries, with interest rates ranging from 2.00% to 3.15% per annum or with the bank’s best lending rate less 1.50% per annum repayable by monthly instalments. All of these finance leases will expire on or before 2019. For details of our finance leases, please refer to the paragraph headed “Financial information — Obligation for finance lease” in this document.

FUTURE PLANS AND USE OF PROCEEDS

2. For the six months ending 31 March 2017

To reserve more capital to satisfy our potential customers' requirement for surety bond	—	To purchase surety bond as required for any new project
To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	—	To carry out further recruitment, if necessary
	—	To arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses
	—	To evaluate the performance of our staff and the size of our departments
To acquire machinery	—	To purchase one crawler drill
To reduce our gearing ratio		N/A

3. For the six months ending 30 September 2017

To reserve more capital to satisfy our potential customers' requirement for surety bond	—	To purchase surety bond as required for any new project
To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	—	To carry out further recruitment, if necessary
	—	To arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses
	—	To evaluate the performance of our staff and the size of our departments
To acquire machinery		N/A
To reduce our gearing ratio		N/A

FUTURE PLANS AND USE OF PROCEEDS

4. For the six months ending 31 March 2018

To reserve more capital to satisfy our potential customers' requirement for surety bond	—	To purchase surety bond as required for any new project
To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	—	To carry out further recruitment, if necessary
	—	To arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses
	—	To evaluate the performance of our staff and the size of our departments
To acquire machinery		N/A
To reduce our gearing ratio		N/A

BASES AND ASSUMPTIONS

The business objective set forth by our Directors is 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 that will adversely affect our business;
- we will have sufficient financial resources to meet our planned capital expenditure and business development requirements during the period to which the business objective relates;
- there will be no material changes in the existing laws (whether in Hong Kong or any part of the world), policies or industry or regulatory treatment relating to the construction main contracting industry in Hong Kong, 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 document 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 our 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 document.

FUTURE PLANS AND USE OF PROCEEDS

REASONS OF THE [REDACTED] AND PROPOSED USE OF NET PROCEEDS

Our Directors believe that the [REDACTED] will enhance our Group's profile and recognition as well as enable us to implement our business plan as set out in this section. Furthermore, the [REDACTED] and the [REDACTED] will provide us with access to the capital market for future corporate finance exercises to assist in our future business development and further strengthen and enhance our competitiveness.

The total amount of [REDACTED] expenses and the underwriting fees (assuming that the [REDACTED] is not exercised) in connection with the [REDACTED] will be borne by our Group and [REDACTED] based on the proportion of the aggregate number of New Shares (if applicable, including the Shares to be issued and allotted pursuant to the exercise of the [REDACTED]) and Sale Shares, respectively. On the basis that the [REDACTED] is HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED]), our Directors estimate that the net proceeds to be received by us from the [REDACTED] (after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the New Shares and the relevant portion of estimated [REDACTED] expenses in connection with the [REDACTED] to be borne by our Group) will be approximately HK\$[REDACTED]. Our Directors presently intend that the net proceeds payable to us from the [REDACTED] will be applied for the period from the Latest Practicable Date to 31 March 2018 as follows:

	For the period from the Latest Practicable Date to		For the six months ending				Approximate % of net proceeds
	30 September 2016	31 March 2017	30 September 2017		31 March 2018	Total	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
To reserve more capital to satisfy our potential customers' requirement for surety bond	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
To acquire machinery	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
To reduce our gearing ratio	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Our Directors plan to use the remaining net proceeds of approximately HK\$[REDACTED] million (approximately [REDACTED]% of the net proceeds) for working capital and other general corporate purposes.

If the [REDACTED] is determined at the high-end of the indicative range of the [REDACTED], the net proceeds from the [REDACTED] to be received by us (after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the New Shares and the relevant portion of estimated [REDACTED] expenses in connection with the [REDACTED] to be borne by our

FUTURE PLANS AND USE OF PROCEEDS

Group) would be increased to approximately HK\$[REDACTED]. We currently intend to apply such additional net proceeds to the above proposed usage items, save and except for the reduction of our gearing ratio, on a pro-rata basis.

If the [REDACTED] is determined at the low-end of the indicative range of the [REDACTED], the net proceeds from the [REDACTED] to be received by us (after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the New Shares and the relevant portion of estimated [REDACTED] expenses in connection with the [REDACTED] to be borne by our Group) would be decreased to approximately HK\$[REDACTED]. We currently intend to reduce the net proceeds to the above proposed usage items, save and except for the reduction of our gearing ratio, on a pro-rata basis.

If the [REDACTED] is exercised in full, assuming a [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative range of the [REDACTED], we estimate the net proceeds to be received by us from the [REDACTED] (after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the New Shares and Shares to be issued pursuant to the exercise of the [REDACTED] and the relevant portion of estimated [REDACTED] expenses in connection with the [REDACTED] to be borne by our Group) would be increased to approximately HK\$[REDACTED]. We currently intend to apply such additional net proceeds to the above proposed usage items, save and except for the reduction of our gearing ratio, on a pro-rata basis.

As at the Latest Practicable Date, we did not have any acquisition target.

To the extent that the net proceeds from the [REDACTED] 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.

We estimate that the [REDACTED] will receive net proceeds of approximately HK\$[REDACTED] at the [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED]), after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the Sale Shares and the relevant portion of estimated [REDACTED] expenses to be borne by [REDACTED]. We will not receive any of the net proceeds of the [REDACTED] from the sale of the Sale Shares by [REDACTED].

Our Directors consider that the net proceeds from the [REDACTED] together with our internal resources will be sufficient to finance the implementation of our business plans as set forth in the paragraph under “Future plans and use of proceeds — Implementation plans” in this document. **Investors should be aware that any part of our business plans may not proceed according to the time frame as described above due to various factors. Under such circumstances, our Directors will evaluate carefully the situation and will hold the funds as short-term deposits until the relevant business plan(s) materialise.**