

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 including one project manager, one electrical and mechanical professional, one foreman, one assistant foreman, one leveller, one assistant leveller, one quantity surveyor, one registered safety officer, one assistant compliance officer and one account manager |
| | — | 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) |

Note:

1. It refers to two outstanding bank facility loans of (i) approximately HK\$5.5 million with interest charged at 2.5% over fixed HIBOR, and will mature 30 days after [REDACTED] and; (ii) approximately HK\$3.3 million with interest charged at 2.75% per annum, and will mature on or around May 2019.

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 arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	—	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 arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	—	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

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 arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	—	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

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.

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

There is no official ranking system in the construction main contracting industry in Hong Kong and our ability to secure new projects depends heavily upon our corporate image and reputation as we obtain our business by way of tendering. In view of the same, our Directors believe that the [REDACTED] will enhance our Group’s corporate image and reputation as well as further strength our position in the market.

The [REDACTED] will also serve as an indicator for our potential customers in selecting main contractors, further strengthen our position as being one of the established main contractors in Hong Kong and be beneficial to our business development in Hong Kong 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 capital market for future corporate finance exercises to assist in our future business development and further strengthen and enhance our competitiveness. In addition, the [REDACTED] 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 [REDACTED] will enhance our recruitment strategy to attract more talented staff.

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

FUTURE PLANS AND USE OF PROCEEDS

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 30 September 2016 <i>HK\$ million</i>	31 March 2017 <i>HK\$ million</i>	For the six months ending 30 September 2017 <i>HK\$ million</i>	31 March 2018 <i>HK\$ million</i>	Total <i>HK\$ million</i>	Approximate % of net proceeds
To reserve more capital to satisfy our potential customers' requirement for surety bond	[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]%
To acquire machinery	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
To reduce our gearing ratio	[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>

Our Directors plan to use the remaining net proceeds of approximately HK\$[REDACTED] (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 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

FUTURE PLANS AND USE OF PROCEEDS

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 [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.**