

## **FUTURE PLANS AND USE OF PROCEEDS**

---

### **BUSINESS OBJECTIVES AND STRATEGIES**

Our business objective is to become the largest and the most acclaimed car park flooring service provider in Hong Kong. We will endeavor to achieve our business objective by implementing the business strategies as described in the section headed “Business – Business strategies” in this document.

### **BASES AND ASSUMPTIONS**

Potential investors should note that the attainability of our business objective depends on a number of assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong or in any other places in which any member of our Group carries on its business or will carry on its business;
- there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- there will be no significant changes in our Group’s business relationship with our major customers and suppliers;
- there will be no material changes in the funding required for each of the scheduled plans as outlined under “Implementation plan” in this section;
- the [REDACTED] will be completed in accordance with and as described in the section headed “Structure and Conditions of the [REDACTED]” in this document; and
- our Group will not be materially affected by the risk factors as set out in the section headed “Risk Factors” in this document.
- there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate;

### **[REDACTED]**

We estimate that the net proceeds to be received by us from the [REDACTED], after deducting the underwriting commission and related expenses payable by our Company in the aggregate amount of approximately HK\$[REDACTED], will be approximately HK\$[REDACTED]. We intend to apply the net proceeds from the [REDACTED] as follows:

## **FUTURE PLANS AND USE OF PROCEEDS**

---

- approximately HK\$[REDACTED], representing [REDACTED]% of the net proceeds from the [REDACTED], will be used for expanding our presence in the refurbishment market and purchase of an office;
- approximately HK\$[REDACTED], representing [REDACTED]% of the net proceeds from the [REDACTED], will be used for strengthening our Group’s leading position in the new construction market by improving our overall capacity and project management efficiency;
- HK\$[REDACTED], representing [REDACTED]% of the net proceeds from the [REDACTED], will be used for repayment of bank loan; and
- approximately HK\$[REDACTED], representing [REDACTED]% of the net proceeds from the [REDACTED], will be used for general working capital and other general corporate uses of our Group.

In the event that any part of the future plans does not materialise or proceed as planned, we will carefully evaluate the situation and may reallocate the intended funding to our other future plans and/or place the [REDACTED] on short-term interest bearing deposit accounts with licensed banks in Hong Kong so long as we consider it to be in the best interest of our Company and our Shareholders taken as a whole. Should our Directors decide to allocate the net proceeds from the [REDACTED] to business plans and/or new projects of our Group other than those disclosed in this document after the Listing, we will make an announcement to notify our Shareholders and investors of the changes in compliance with the GEM Listing Rules.

### **IMPLEMENTATION PLAN**

Our Group’s implementation plans are set forth below for each of the six-month periods until 31 March 2019. It should be noted that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to “Bases and assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this document. Our Group’s actual course of business may vary from the business objectives set out in this document. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all. Nevertheless, our Directors will use their best endeavors to anticipate future changes in the industry, take measures and be flexible so that our Group may stay ahead of or react timely and appropriately to such changes.

**FUTURE PLANS AND USE OF PROCEEDS**

Based on our Group’s business objectives, our Directors intend to carry out the following implementation plan:

	From the Latest		For the six months ending		31 March 2019 HK\$'000	Total amount to be funded by the net proceeds of the [REDACTED] HK\$'000
	Practicable Date to 31		31 March 2018	30 September 2018		
	March 2017 HK\$'000	30 September 2017 HK\$'000	31 March 2018 HK\$'000	30 September 2018 HK\$'000		
<b>(1) Expanding our presence in the refurbishment market</b>						
- Recruit additional sales and marketing staff	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Organise seminars for landlords, incorporated owners and property management companies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Send new and existing sales and site staff to suppliers’ factories for product training	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Place advertisements in property and decoration magazines for consumer market	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Purchase of an office	-	[REDACTED]	-	-	-	[REDACTED]
Sub-total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>(2) Strengthening our leading position in the new construction market by improving our overall capacity and project management efficiency</b>						
<i>Strengthen our sales and marketing efforts and accordingly our Group’s brand awareness in the industry</i>						
- Place advertisements in industry magazines to promote our brand to architects and professional readers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Organise seminars, luncheon presentation for active industry players such as architects, consultancy firms, main contractors and developers and participate in exhibitions to promote our awareness and gather market intelligence to create higher Company profile	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Recruit one sales and marketing team leader with industry knowledge	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**FUTURE PLANS AND USE OF PROCEEDS**

	From the Latest		For the six months ending		31 March 2019 HK\$'000	Total amount to be funded by the net proceeds of the [REDACTED] HK\$'000
	Practicable Date to 31		31 March 2018	30 September 2018		
	March 2017 HK\$'000	30 September 2017 HK\$'000	31 March 2018 HK\$'000	30 September 2018 HK\$'000		
<i>Broaden our product portfolio</i>						
- Continue to expand supplier base by approaching new suppliers and provide staff training on new products	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Strengthening our manpower and capacity</i>						
- Hire two project managers with minimum five years experience in construction industry	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Hire two site foremen to overview the operations of sites	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Hire one assistant quantity surveyor with relevant qualification and experience	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Hire supporting staff	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Acquisition of additional machineries</i>						
- Procure additional machineries as well as light goods and passengers vehicles for transporting workers and machineries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>Enhancement of project management efficiency</i>						
- Procure and upgrade operating system, computer and server equipment for operational enhancement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(3) Repayment of bank loan	[REDACTED]	-	-	-	-	[REDACTED]
(4) General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>

## **FUTURE PLANS AND USE OF PROCEEDS**

---

### **REASONS FOR THE LISTING**

Over the years, our business focus has been to provide car park flooring services to new construction market. Based on our business plan, in order to expand our reach in the refurbishment market, which was, according to the Industry Report, 5.3 times the size of new construction market in terms of car park flooring revenue in 2015, and to further develop the new construction market segment, we need to raise long term capital.

We also believe a listing status would enhance our corporate profile and recognition and reinforce our awareness and image among both our existing and potential customers. It would also generate reassurance amongst our existing customers and suppliers and strengthen our competitiveness in the market. In the context of our planned business expansion of the refurbishment market, a public listing could place more confidence amongst a wide customer base to which we aim to pursue in this segment. It would also enable us to convince new suppliers of car park flooring materials to establish business relationship with us and to grant us better terms.

Prior to the Listing, funding of our business activities was primarily from our own internally generated cash flow. We had approached commercial banks in the past for credit facilities. However, most banks would require collateral, either in the form of cash or immovable assets as such property. As we do not have property assets available for collateral, it has been difficult for us to secure bank borrowings, without the support by our Controlling Shareholder and on terms which we find favorable. In order to seek funding for payment of expenses associated with the Listing exercise prior to the actual listing, the Controlling Shareholders had invited the [REDACTED] Investors to invest in a total of 16.5% interest in our Company. Pursuant to share sale and purchase agreements dated 14 August 2015, Sage City sold a total of 1,650 existing shares of Victor Ease, the intermediate holding company of KMK, to four groups of investors for an aggregate consideration of HK\$15,427,500. Of this amount, HK\$10.3 million was advanced by the Controlling Shareholders to our Group to pay for professional expenses relating to the Listing in June 2016. On 19 September 2016, in preparation for the Listing exercise, a commercial bank in Hong Kong granted us an overdraft facility of HK\$10 million. Such facility will be drawn down by the end of September 2016 to repay the above Shareholders' loan prior to the Listing. It is currently expected that the [REDACTED] would broaden not only our equity financing alternatives to cover public investors but could also enable us to seek bank financing under more favourable terms to finance our future business needs.

We also consider that a listing may offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of the Shares. With the appointment of our independent board of non-executive Directors, we also believe our internal control and corporate governance practices will be enhanced following the Listing.