
STATEMENT OF BUSINESS OBJECTIVES AND USE OF [REDACTED]

REASONS FOR THE [REDACTED]

To enable the Group to implement its business strategies

The Directors believe that the [REDACTED] will facilitate the implementation of the Group's business strategies. As stated in the section headed “Business — Business Strategies” in this document, the Group intends to expand its headquarters, establish a R&D centre in Singapore and upgrade its R&D facilities, expand product lines by developing new products, upgrading its existing products and strengthening its R&D team, expand its sales and marketing team and establish regional offices, and develop cyber infrastructure to broaden its source of revenue. For further details, please refer to the section headed “Business — Business Strategies” section in this document. The [REDACTED] from the [REDACTED] will provide financial resources to the Group to achieve the business strategies which will further strengthen its market position.

To expand the Group's capacity to undertake more projects by enhancing its financing options

The Group has received requests for proposals for larger and more complicated projects which would entail larger capital outlay as well as more substantive amounts retained for start-up costs such as hardware and/or software costs. However, it is difficult for the Group to obtain bank borrowings mainly due to the fact that the Group does not own any property and a public [REDACTED] status to secure the repayment of bank borrowings. Therefore, it missed the opportunities to participate in those large scale projects.

Currently, the Group has no bank borrowings and project financing options are limited. The Directors anticipate that after the [REDACTED], the Group will have more financing options including but not limited to bank loan. Such increased financing options would make it easier for the Group to take on larger and more complicated projects, particularly those projects which entail larger capital outlay.

To access to capital market

The Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide. With the standard of information transparency as required by the Stock Exchange, the Directors recognised that the Group's presence in the Hong Kong capital markets could create a higher level of visibility for the Group among international investors, and hence gain better access to international funding. The Directors believe that access to international funding will support the Group's long term sustainable growth by providing the Group with diversified and flexible means to fund the expansions plans the Group may have from time to time in the future and to support the working capital needs of its operations. The Directors confirm that the Company currently has no plans to conduct any fund raising activities in the near future other than the [REDACTED], and that should any fund raising activities be required in the future, the Group will fully disclose the purpose of these fund raising activities in the announcements and circulars (if applicable) to be published by the Company pursuant to the GEM Listing Rules.

To support the growth of the Group's business and increase the Group's competitiveness in the cyber infrastructure solutions and cyber security solutions industry by enhancing the Group's corporate profile and recognition

The Directors believes that the [REDACTED] will enhance the Group's corporate profile and credibility with customers and strengthen the Group's competitiveness. During the Track Record Period, the Group's customers mainly included telecommunications service providers, ISPs, IT companies, manufacturing companies in respect of its cyber infrastructure solutions business.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF [REDACTED]

During the Track Record Period, the end users of the Group’s cyber security solutions were from the public sector. The Group believes that these customers or end users may have a preference for suppliers which are listed companies with good reputation, sound internal control and corporate governance practice, transparent financial disclosures and regulatory supervision.

Additionally, some of the Group’s competitors in the cyber infrastructure solutions and cyber security solutions industry are listed on the stock exchange or are parts of listed companies. As listed companies or part of listed companies, these competitors would be in a better position to secure better access to funding and financing options than the Group. The Group believes that the [REDACTED] would allow it to maintain its competitiveness against its competitors.

Lastly, the enhancing of the Group’s corporate profile and credibility would allow the Group to better attract and retain the necessary talent to remain competitive in the changing market and propel its success and business growth. Given the nature of the Group’s business, talented and qualified personnel are critical and the personnel that the Group intends to recruit with the [REDACTED] from the [REDACTED] include additional sales and marketing managers and senior technical sales engineers. For more details, please refer to the paragraph headed “Business Objectives and Strategies” in this section.

To motivate the employees to contribute to the Group’s future growth by adoption of equity-based incentive program

The Directors believe that human resources are the core assets in ICT industry, so it is crucial for the Group to have measures for motivating its employees to contribute to the Group’s future growth. If the Company has a public [REDACTED] status on a well-established stock market, it is more meaningful for the Group to offer an equity-based incentive program (such as share option scheme) to its employees to incentivise them and align their interests with Shareholders’ interest, which is typical among listed companies. The Group would therefore be in a better position to motivate its employees with incentive programs that closely align with the objective of maximising Shareholders’ value.

To achieve a broader shareholder base

The Directors believe that the [REDACTED] will enhance the liquidity of the Shares as the Shares would be freely traded on the Stock Exchange, in contrast with the limited liquidity of the Shares privately held before the [REDACTED]. Further, the [REDACTED] would allow the Company to obtain a broader shareholder base which would allow the Company a more liquid market in the trading of the Shares.

BUSINESS OBJECTIVES AND STRATEGIES

Please refer to the sub-section headed “Business — Business strategies” in this document for the Group’s business objectives and strategies and further details on the Group’s implementation plan.

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USE OF [REDACTED]

The Group estimates the gross [REDACTED] from the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range, will be HK\$[REDACTED] million, assuming that the [REDACTED] is not exercised at all. After deducting [REDACTED] commission and related expenses of approximately HK\$[REDACTED] million, the [REDACTED] will be approximately HK\$[REDACTED] million, assuming that the [REDACTED] is not exercised at all.

The Directors presently intend that the [REDACTED] will be applied as follows:

- approximately [REDACTED]% of the [REDACTED] or approximately HK\$[REDACTED] (equivalent to approximately US\$[REDACTED]), for acquiring the property as the Group's headquarters and R&D centre in Singapore and upgrading the Group's R&D facilities;
- approximately [REDACTED]% of the [REDACTED] or approximately HK\$[REDACTED] (equivalent to approximately US\$[REDACTED]), for expanding product lines by developing new products, upgrading the Group's existing products and strengthening the Group's R&D team;
- approximately [REDACTED]% of the [REDACTED] or approximately HK\$[REDACTED] (equivalent to approximately US\$[REDACTED]), for expanding the Group's sales and marketing team and establishing regional offices;
- approximately [REDACTED]% of the [REDACTED] or approximately HK\$[REDACTED] (equivalent to approximately US\$[REDACTED]), for developing Netsis Hybrid Converge Hub in Singapore to broaden the Group's source of revenue;
- approximately [REDACTED]% of the [REDACTED] or approximately HK\$[REDACTED] (equivalent to approximately US\$[REDACTED]), for developing Netsis Security Hub in Hong Kong to broaden the Group's source of revenue; and
- approximately [REDACTED]% of the [REDACTED] or approximately HK\$[REDACTED] (equivalent to approximately US\$[REDACTED]) for the working capital of the Group.

If the final [REDACTED] is set at: (i) the lowest; or (ii) the highest of the indicative [REDACTED] range, the gross [REDACTED] from the [REDACTED] are estimated to be (i) approximately HK\$[REDACTED] million; or (ii) approximately HK\$[REDACTED] million respectively. In such event, the estimated gross [REDACTED] will decrease or increase by approximately HK\$[REDACTED] million. The [REDACTED] are intended to be used in the same proportions as disclosed above.

In the event that the [REDACTED] is exercised in full, the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED] million to approximately HK\$[REDACTED] million. Under such circumstances, the Group will adjust the allocation of the [REDACTED] in the same proportions as disclosed above.

To the extent that the [REDACTED] from the [REDACTED] are not immediately required for the above purposes, it is the present intention of the Directors that such [REDACTED] be placed in short-term interest bearing deposit accounts held with authorised financial institutions.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF [REDACTED]

BASES AND ASSUMPTIONS

Potential investors should note the attainability of the Group’s business objectives 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 Singapore, Malaysia, Hong Kong or in any other places in which any member of the Group carries or will carry on its business;
- the Group 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 bases or rates of taxation in Singapore, Malaysia, Hong Kong or in any other places in which any member of our Group operates or will operate;
- there will be no material changes in legislation or regulations whether in Singapore, Malaysia, Hong Kong or elsewhere materially affecting the business carried on by the Group;
- there will be no significant changes in the Group’s business relationship with its customers, channel partners or suppliers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the sub-section headed “Use of [REDACTED]” in this section; and
- the Group will not be materially affected by the risk factors as set out in the section headed “Risk Factors” in this document.