FUTURE PLANS

Please refer to the section headed "Business — Our Business Strategies" of this document for a description of our future plans.

REASONS FOR THE [REDACTED] AND [REDACTED]

The [REDACTED] of the [REDACTED] will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in this section.

Assuming that the [REDACTED] is determined at [REDACTED] (being the mid-point of the [REDACTED] range), the aggregate amount of [REDACTED] (the "**[REDACTED]**") of the [REDACTED] to be received by our Company after deducting the [REDACTED] commission and estimated expenses payable by our Company is estimated to be approximately [REDACTED] (equivalent to approximately [REDACTED]) (assuming the [REDACTED] is not exercised). Our Directors currently intend to apply such [REDACTED] in the following manner:

(a) approximately [REDACTED] (equivalent to approximately [REDACTED], or approximately [REDACTED]) will be used for the acquisition of a property ("**New Property**") for our cut and bend factory and our dormitory to accommodate our foreign workers;

(b) approximately [REDACTED] (equivalent to approximately [REDACTED], or approximately [REDACTED]) will be used for the renovation of the New Property;

(c) approximately [REDACTED] (equivalent to approximately [REDACTED], or approximately [REDACTED]) will be used to purchase one single production line of cut and bend system; and

(d) approximately [REDACTED] (equivalent to approximately [REDACTED], or approximately [REDACTED]) will be used for working capital and other general corporate purposes of our Group.

During the Track Record Period, the amount we incurred for accommodation expenses amounted to S$1.1 million and S$0.7 million respectively, representing approximately 4.5% and 3.1% of our direct costs for the respective periods. Our Group expects that with our own dormitory to accommodate our foreign workers, we can save an amount of our direct costs. We plan to have the dormitory and the cut and bend factory in the New Property. We expect the New Property to be in the saleable area of approximately 5,000 sq.m. The acquisition of the New Property is expected to be in the amount of [REDACTED], including (i) value of the property in the amount of approximately [REDACTED]; and (ii) stamp duty in the amount of approximately [REDACTED]. Assuming that the [REDACTED] is determined at the mid-point of the indicative [REDACTED] Range, we intend to finance the above costs in the following manner: (i) approximately [REDACTED], representing approximately [REDACTED] of the property value and stamp duty in the amount of approximately [REDACTED], will be funded by the [REDACTED]; (ii) approximately [REDACTED], representing approximately [REDACTED] of the property value, will be funded by bank borrowings; and (iii) initial capital expenditure of approximately [REDACTED] representing [REDACTED] for renovating the New Property will be funded by the [REDACTED].

During the Track Record Period, our steel reinforcement works involved the use of approximately 44,100 tonnes and 47,900 tonnes of steel reinforcing bars, respectively. Yet we relied on external cut and bend service providers to provide cut and bend services. To set up a cut and bend factory, we aim to use [REDACTED], representing [REDACTED] of the [REDACTED], to purchase one single production line of cut and bend system, which has an annual processing production capacity of approximately 30,000 tonnes of steel reinforcing bars. We expect that the setting up of our own cut and bend factory

will allow us to enhance the operating efficiency of our cut and bend process and to control the schedule of our projects more effectively and we would be able to enhance our profitability by taking up the cut and bend process.

As at 28 February 2017, our Group had unutilised banking facilities of approximately S$1.4 million, which consisted of (i) overdraft ("**Overdraft**") for general working capital purposes of approximately S$0.4 million; (ii) credit card limit ("**Credit Card**") for general working capital purposes of approximately S$0.1 million; (iii) trading facilities ("**Trade Facilities**") of approximately S$0.6 million, comprising letters of credit and trust receipts, of which usage is restricted to, among others, financing suppliers accounts; and (iv) performance guarantee ("**Performance Guarantee**") for general working capital purposes of approximately S$0.3 million. The Overdraft, Trading Facilities and Performance Guarantee in the aggregate amount of approximately S$1.3 million require bank's approval before drawdown. In addition, our unutilised banking facilities are repayable on demand. Therefore, we do not consider the unutilised facilities as appropriate banking facilities to fund our intended acquisition of a suitable property for our dormitory and cut and bend factory. The [REDACTED] will enable us to pursue our business strategies with the support of capital and allow us to grasp the relevant investment opportunities in a timely manner.

The above allocation of the [REDACTED] of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is determined at a higher or lower level compared to the mid-point of the [REDACTED] range.

Assuming that the [REDACTED] is determined at [REDACTED] (being the high-end of the [REDACTED] range), our Company will receive additional [REDACTED] of approximately [REDACTED] (equivalent to approximately [REDACTED]).

Assuming that the [REDACTED] is determined at [REDACTED] (being the low-end of the [REDACTED] range), the [REDACTED] our Company receives will be reduced by approximately [REDACTED] (equivalent to approximately [REDACTED]).

The [REDACTED] will be used in the same proportions as disclosed above irrespective of whether the [REDACTED] is determined at the highest or lowest point of the indicative [REDACTED] range.

To the extent that the [REDACTED] of the [REDACTED] are not immediately required for the above purposes, our Directors currently intend that such proceeds be placed on short-term deposits with licensed banks and/or financial institutions.

To implement our expansion plans, we are required to seek and obtain certain approval, consent or permission in relation to the setting up of our dormitory and cut and bend factory:

1. To acquire the New Property for our dormitory and cut and bend factory, our Group is generally required to obtain approval from Jurong Town Corporation, Urban Redevelopment Authority.

2. Given that the workers' dormitory is treated as residential use under the Residential Property Act (the "**RPA**"), our Group may be required to obtain from the Land Dealings Approval Unit of the Singapore Land Authority confirmation whether their clearance approval is required under Section 10 or Section 25 of the RPA for our Group to purchase the New Property as workers' dormitory.

3. As our Group intends to use part of the New Property for warehouse or storage use, we are required to seek clearance from the LTA.

4. With respect to the New Property's fire safety requirements, our Group is required to seek approval from the Singapore Civil Defence Force.

5. Our Group needs to apply for a dormitory licence and we are required to obtain consent from the Commissioner for Foreign Employee Dormitories pursuant to Section 17 of the Foreign Employee Dormitories Act 2015.

We believe it is feasible to obtain the requisite approvals to implement our expansion plans from the relevant authorities within 16 weeks. We are of the opinion that there is no legal impediment for our Group to obtain all the approvals, consents and permissions to execute our expansion plan.

REASONS FOR [REDACTED]

Our Directors believe that our Company and its Shareholders will benefit as a whole from the [REDACTED] for the following reasons:

(i) Accelerate the implementation of our corporate strategies

Our Group is operating in a labour-intensive and capital-intensive environment, and we have spent considerable efforts in managing our financial and human resources. Most of the [REDACTED] from the [REDACTED] are expected to be dedicated to the implementation of our corporate strategies. The [REDACTED] grants our Group access to a larger investor base and additional fund-raising channels where we can promptly raise new capital from time to time, and accelerates our pace of achieving our business objective.

(ii) Promote our corporate profile and reputation

Our Group has been contemplating the growth and expansion of our business and accordingly, [REDACTED] has been considered. Our Company has never applied for [REDACTED] of our Shares in other jurisdictions including the Singapore Stock Exchange. We believed that [REDACTED] in Singapore was not conducive to our Group in terms of long-term growth and financing needs. Our Group explored other platforms and concluded that the Stock Exchange is a suitable platform given its level of internationalism, maturity in the global financial world and sufficient institutional capital and funds following listed companies in Hong Kong.

Our Directors believe that the [REDACTED] on the Stock Exchange will provide an indirect complimentary advertising to raise our Group's brand awareness and publicity on an international level, making our Company's range of services known to new potential local and international customers for their projects in Singapore, in the hope of leading to an increase in our Company's market share. Being a publicly traded company, the flow of information is established towards different stakeholders, including Shareholders, customers, suppliers, subcontractors and our employees. The [REDACTED] status and the public disclosure of our information will allow these parties to know ourselves better and, hence, are an effective way to promote our corporate profile as well as enhance our Group's reputation.

In addition, our Directors also believe that customers may prefer contractors who are listed given their reputation, [REDACTED] status, public financial disclosures and general regulatory supervision by relevant regulatory bodies. Given the continuing expansion plans of our Group, the [REDACTED] would give us an additional fund raising option by issuance of Shares. Therefore, although our Group has a strong financial position during the Track Record Period, the publicity from the [REDACTED] would be beneficial to our Group. Our Directors believe that to the best of their knowledge and belief, our Company would be eligible to apply for [REDACTED] on, if we were to list on, the Singapore Stock Exchange.

(iii) Facilitate capital structure's optimisation

In choosing between debt financing and equity financing, our Directors have taken into account (i) the nature of construction industry, especially the reinforced concrete works industry in which our Group operates, where upfront cash outflow is often incurred in the early phase of our project. The early cash outflow is also expected to be in place quickly after our customer has engaged us, which would mean equity financing is a more appropriate source since funds raised from the issue of equity are a committed source of fund and does not entail a maturity date; (ii) debt financing from banks or financial institutions normally require the pledge of properties or other significant assets, which our Group lacks or does not require for our operation; and (iii) debt financing and equity financing are not mutually exclusive, but our Group is expected to have a better position to negotiate with banks and financial institutions if we are a listed company with enlarged equity and financial capital base. Our Directors further believe that the [REDACTED] would broaden our shareholder base and enhance the liquidity of the Shares, as compared to the limited liquidity of the Shares that are privately held before the [REDACTED]. Our Directors seek to optimise our Company's capital structure and take the view that the [REDACTED] will give our Group the flexibility in doing so.

IMPLEMENTATION PLAN

In light of the business objectives of our Group, we will seek to attain the milestones contained in this paragraph from the Latest Practicable Date to 31 December 2018. [REDACTED] should note that the milestones and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed "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" of 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. Based on the current state of the construction industry, our Directors intend that the [REDACTED] will be applied as follows:

Plans	From the Latest Practicable Date to 31 December 2017	For the six months ended 30 June 2018	For the six months ended 31 December 2018	Total	Approximate % of [REDACTED]
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Acquiring property for our dormitory and cut and bend factory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Renovating the new dormitory and cut and bend factory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Purchasing one single production line of cut and bend system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The remaining approximately [REDACTED], approximately [REDACTED] of the [REDACTED], will be used as our Group's general working capital.

BASES AND ASSUMPTIONS

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

(a) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(b) there will be no material changes in existing laws, rules and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;

(c) there will be no change in the funding requirement for each of the near term business objectives described in this document from the amount as estimated by our Directors;

(d) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

(e) there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group; and

(f) we will not be materially affected by the risk factors as set out in the section headed "Risk Factors" of this document.