BUSINESS OBJECTIVES AND STRATEGIES

Our Group will endeavor to expand our business operations by adopting our business strategies through the following implementation plans. For details of our business strategies, please refer to the paragraph headed "Business – Business strategies" in this prospectus. Our Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will be materialised in accordance with the expected time frame or that the business objectives of our Group will be accomplished at all.

REASONS FOR THE LISTING

The principal business objective of our Group is to further strengthen our market position, increase our market share and capture the growth in the Hong Kong wet trades works industry. We intend to achieve our business objective by expanding our scale of operation through our intended effort in actively seeking opportunities in undertaking additional wet trades works projects, from both our existing and potential new customers, on top of our present scale of operation and our current projects on hand. Our executive Directors believe that the Listing is beneficial to our Company and our Shareholders as a whole because of the following reasons:

- the net proceeds from the Share Offer will provide additional financial resources to our Group for our business plans as set out in the paragraph headed "Business – Business strategies" of this prospectus, which will further strengthen our market position and expand our market share in the wet trades works industry in Hong Kong;

- a public listing status will enhance our corporate profile and recognition and enable our Group to be considered more favourably by our customers when tendering for wet trades works projects, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosures and corporate governance;

- the Share Offer will provide a fund-raising platform for our Company, thereby enabling us to raise the capital required to finance our future growth and expansion without reliance on our Controlling Shareholders. Such platform would allow us to gain direct access to the capital market for equity and/or debt financing, both at the time of the Listing as well as at later stage, to fund our existing operations and future expansion, which could be instrumental to our expansion and improving our operating and financial performance to enhance Shareholders' return; and

- upon the Listing, our Shares will be freely traded on the Stock Exchange. A public listing status will offer us a broader shareholder base which could lead to a more liquid market in the trading of our Shares. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing.

Funding needs for implementing our business strategies

As at 31 July 2022, our cash and cash equivalents, which represents our immediately available working capital, amounted to approximately HK$32.9 million, as set out in the paragraph headed "Financial information – Net current assets" in this prospectus. Our executive Directors consider that the amount of our available working capital fluctuates from time to time, depending on the timing of (i) payment from our customers; and (ii) payment to our subcontractors and suppliers of materials and toolings. We had experienced significant growth in our ability to obtain new projects during the Track Record Period, as evidenced by the increase in our backlog value from approximately HK$476.1 million as at 31 March 2019 to approximately HK$758.1 million as at 31 March 2022. The average monthly expenses incurred by us, primarily comprising staff cost, subcontracting fees, cost of materials and toolings, machinery rental costs, administrative expenses and other miscellaneous expenses for our daily operations during the Track Record Period was approximately HK$35.8 million. In light of our ability to obtain new projects and the associated working capital requirements, our executive Directors consider that it is financially prudent for us to reserve our current available cash resources for meeting our operating expenses.

In view of the aforesaid, our current available working capital would not have room for our further business expansion such as acquiring additional machinery, expanding our workforce and/or undertaking additional projects which would inevitably require more available cash for up-front costs and general working capital. Therefore, our executive Directors consider that we will need to raise additional funding through the Share Offer to facilitate the implementation of our future plans, while reserving our current available working capital for our existing business operations.

USE OF PROCEEDS

We estimate that the net proceeds from the Share Offer (assuming the Over-allotment Option is not exercised) based on the Offer Price of HK$0.52 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.50 to HK$0.54 per Offer Share, after deducting the related expenses, are estimated to be approximately HK$97.0 million. We intend to apply such net proceeds in the following manner:

(a) approximately HK$70.8 million, representing approximately 73.0% of the estimated net proceeds, will be used for financing the up-front costs of our projects;

Based on our operation history during the Track Record Period and depending on the scale of the projects, the average timeframe between (i) the time when we first incurred the up-front costs; and (ii) the time when we first generate positive monthly cash flow in respect of the project is on average seven months (the "**Up-front Period**"). Depending on our terms of engagement with different customers, in respect of the top projects undertaken during the Track Record Period, the total amount of up-front costs incurred by our Group during the Up-front Period represented on average 20% of the contract sum of the project.

As at the Latest Practicable Date, three of our projects on hand, namely Project O14, O17 and O23, are expected to commence in the fourth quarter of 2022 and four of our projects on hand, namely Project O18, O19, O20 and O22, have commenced site preparatory and preliminary works as at the Latest Practicable Date, with a substantial part of works under these projects expected to be performed in or around the fourth quarter of 2022. We intend to apply part of our net proceeds from the Share Offer towards fulfilling the relevant up-front costs of the aforementioned projects (collectively the "**Designated Projects**"). The following table sets forth the particulars of the projects:

Project No.	Customer	Private/ public sector	Nature of projects	Date of commencement and completion of our works	Estimated contract sum	Estimated amount of up-front costs
					HK$'000	*HK$'000*
O14	Customer C	Public	Infrastructure and public facilities	Commencement: Fourth quarter of 2022 Completion: Fourth quarter of 2023	16,569	3,314
O17	Customer C	Private	Residential	Commencement: Fourth quarter of 2022 Completion: Fourth quarter of 2023	45,089	9,018
O18	Customer C	Private	Residential	Commencement: March 2022 Completion: June 2024	111,047	22,209
O19	Customer Group G	Private	Residential	Commencement: March 2022 Completion: March 2024	92,846	18,569
O20	Customer Group D	Public	Infrastructure and public facilities	Commencement: March 2022 Completion: March 2024	73,479	14,696
O22	Customer Group A	Private	Residential	Commencement: March 2022 Completion: December 2023	104,973	20,995
O23	Customer Group D	Public	Infrastructure and public facilities	Commencement: Fourth quarter of 2022 Completion: Fourth quarter of 2024	70,255	14,051
Total					514,258	102,852

Note: The expected commencement and completion dates are provided based on our management's best estimation. In making the estimation, our management takes in account factors including the formal contract, letter of award (if applicable) and the estimated work schedule.

The following table sets forth a breakdown of the estimated amount of up-front costs of the Identified Projects to be funded by the net proceeds from the Share Offer and our internal resources:

Project No.	Estimated amount of up-front costs	Estimated amount of up-front costs to be funded by net proceeds from the Share Offer	Estimated amount of up-front costs to be funded by our internal resources
	HK$'000	*HK$'000*	*HK$'000*
O14	3,314	3,314	–
O17	9,018	9,018	–
O18	22,209	20,561	1,648
O19	18,569	8,614	9,955
O20	14,696	12,266	2,430
O22	20,995	12,583	8,412
O23	14,051	4,444	9,607
Total	102,852	70,800	32,052

As at the Latest Practicable Date, our Group had 41 submitted tenders which were still undergoing tender selection process and pending tender result. Out of these 41 tenders, our executive Directors are positive that we shall be able to secure two projects, taking into consideration the latest negotiation with the relevant customer. The following table sets forth particulars of the tendered projects:

Tender No.	Customer	Private/ public sector	Nature of projects	Status	Expected award date	Date of commencement and completion of our works	Tender amount	Estimated amount of up-front costs
							HK$'000	*HK$'000*
T01	Customer C	Public	Infrastructure and public facilities	Tender submitted; attended tender interview and submitted second revision of contract sum in April 2022; in the process of negotiation with Customer C	Fourth quarter of 2022	Commencement: Fourth quarter of 2022 Completion: Fourth quarter 2024	199,426	39,885
T02	First Group	Private	Commercial	Tender submitted; submitted revision of contract sum and negotiating with First Group	Fourth quarter of 2022	Commencement: Fourth quarter of 2022 Completion: Fourth quarter of 2023	44,533	8,907
						Total	243,959	48,792

Note: The expected commencement and completion dates are provided based on our management's best estimation. In making the estimation, our management takes in account factors including the tender information available from the relevant customers and the estimated work schedule.

The table below sets forth a breakdown of the up-front costs of Project No. O14, O17 to O20, O22, O23 and Project No. T01 to T02 by types of major cost components:

	O14	O17	O18	O19	O20	O22	O23	T01	T02
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Subcontracting fees	2,386	6,493	15,990	13,370	10,581	15,116	10,109	28,717	6,413
Cost of materials and toolings	762	2,074	5,108	4,271	3,380	4,829	2,667	9,174	2,049
Others*(Note)*	166	451	1,111	928	735	1,050	1,275	1,994	445
Total	3,314	9,018	22,209	18,569	14,696	20,995	14,051	39,885	8,907

Note: Others mainly include machinery rental, repair and maintenance and other miscellaneous services.

We had attended tender interview in respect of our tender submitted for Project No. T01. Our executive Directors are positive about our prospects in obtaining the tendered project set out above because we were requested to submit revised contract sum. Our executive Directors consider that our customers' requests for us to submit revised contract sum is generally considered to be an indication that we were shortlisted to the advanced stage of tender selection process. Based on the experience of our executive Directors, only a limited number of subcontractors would be shortlisted by Customer C for selection at the advanced stage of tender selection process. We have submitted revision of contract sum and are currently negotiating with First Group for Project No. T02. Based on the experience of our executive Directors, customers generally would not enter into direct negotiation with its subcontractors until the advanced stage of tender selection process. Therefore our executive Directors consider that the active negotiation process to be an indication that we were shortlisted to the advanced stage of tender selection process. Based on tender documents and communication with our customers, our executive Directors expected that the tender results of the potential projects to be received in the fourth quarter of 2022.

Based on the tender documents available and the pricing of our tenders submitted, our executive Directors estimate that the gross profit margin of Project No. T01 to T02 is within the range of approximately 10% to 13%.

In this connection, where any surplus remains after the up-front costs required by the Designated Projects are satisfied, we intend to apply such surplus towards fulfilling a portion of the relevant up-front costs of Project T01 to T02. Although our executive Directors are positive that we shall be able to secure the tender for Project T01 to T02 based on their latest tender status as set out above, there is no assurance that such tenders will eventually be awarded to us. Should we be unable to secure such project, we will utilise the net proceeds from the Share Offer allocated for financing project up-front costs of other successful projects. As at the Latest Practicable Date, our Group had 39 submitted tenders (without taking into account Project T01 to T02), with an aggregate estimated tender amount of approximately HK$1.0 billion, which were still undergoing tender selection process and pending tender result.

In addition to our 39 submitted tenders (without taking into account Project T01 to T02) as at the Latest Practicable Date, our Group has identified two additional projects for which we are interested in tendering for, with aggregate estimated tender amount of more than HK$50 million (the "**Potential Projects**"). Based on the tender documents of the Potential Projects and depending on our projects backlog and liquidity position, our executive Directors currently target to submit the tenders for these Potential Projects in or around October 2022. Therefore, in the circumstances that we were unable to secure T01 to T02, we will apply the unutilised net proceeds designated to finance the up-front costs of other projects successfully obtained by us.

Based on our operation history during the Track Record Period and depending on the scale of the projects, we will generally start incurring substantial portion of the up-front costs around three to four months after the commencement of our projects. The average timeframe between (i) the time when we first incurred the up-front costs; and (ii) the time when we first received payment from our customers is four months. Accordingly, based on the tentative project timeline available, we anticipate that we will start incurring substantial portion of the up-front costs for Project O14, O17 to O20, O22, O23 and Project T01 to T02 from the fourth quarter of 2022 onwards.

In the event that the net proceeds designated by us are insufficient to fully fund the up-front costs of those projects successfully obtained by us, we currently plan to finance the shortfall by our internal resources and/or debt financing.

There is inherent uncertainty involved in predicting the number and scale of projects which will eventually be awarded to us and when exactly we are required to make available cash for project up-front costs. Further, the time required to complete tender review process and the subsequent award of contract varies depending on the customer and project size. Therefore, there is no assurance that we can accurately estimate when the results for the tenders we submitted are released or when exactly we are required to incur the up-front costs for the projects awarded. These timelines will depend on, among others, (i) the timetable of the potential project which may or may not be available to us before we submit a tender; (ii) the particular customer's internal arrangement which may be affected by market conditions and may or may not adhere to the original project timetable provided to us; (iii) the scope of work of the project which may in turn affect whether and when we are required to make payments to our subcontractors and suppliers; and (iv) our negotiation with our customers which may in turn affect the payment terms of our projects.

(b) approximately HK$10.5 million, representing approximately 10.8% of the estimated net proceeds, will be used for (i) expanding our manpower by recruiting three site agents, two quantity surveyors, three safety supervision staff, four site foremen and two finance and administration staff; and (ii) leasing an additional office with gross floor area of approximately 2,000 sq. ft. in proximity to the location of our existing office premises for providing sufficient workspace for our staff;

The following table sets out the particulars of staff by different functions that we intend to recruit upon Listing:

Position	Preferred experience and/or qualifications	Approximate monthly salary *HK$*	No. of headcounts	Total salary for 18 months *HK$*
Site agent	Minimum eight years of relevant work experience	50,000	3	2,700,000
Quantity surveyor	Minimum three years of relevant work experience; chartered surveyor preferred	35,000	2	1,260,000
Safety supervision staff	Zero to three years of relevant work experience	20,000 to 36,000	3	1,656,000
Site foreman	Minimum four years of relevant work experience	40,000	4	2,880,000
Finance and administration staff	Minimum three years of relevant work experience	30,000	2	1,080,000

As at the Latest Practicable Date, our Group had 43 projects on hand of which 12 projects had commenced with revenue expected to be derived of HK$10.0 million or above individually after the Track Record Period. We have deployed at least two project supervision staff for each of the 12 sizeable ongoing projects aforementioned; whereas at least one project supervision staff was designated to oversee each of our remaining 26 projects on hand that had commenced as at the Latest Practicable Date with revenue expected to be derived below HK$10.0 million individually. Based on the number and scale of our projects on hand as at the Latest Practicable Date, each of our project supervision staff was required to oversee multiple projects concurrently. Our executive Directors consider that it is crucial for our Group to maintain this work allocation ratio in order to ensure that we can properly supervise the works of our subcontractors and ensure their works are performed in conformance with our customers' requirements and specifications. Taking into consideration the expected increase in project supervision works associated with (i) the projects on hand which had yet to commence as at the Latest Practicable Date, namely Project O14, O17 and O23; and (ii) the tendered projects of which our executive Directors are positive to secure as at the Latest Practicable Date, namely Project T01 to T02, our executive Directors consider that our current project management staff might not be able to properly supervise and manage the site works performed. Therefore, our executive Directors consider that it is not feasible to maintain our project management efficiency if we continue to obtain additional projects in the future without expanding our human resources.

Further, the increase in number of projects generally entails an increase in number of project worksites. As a result, our project supervision staff will be required to visit more locations in order to carry out their project supervisory works for different projects. If we intend to take up more sizeable and additional projects without recruiting additional personnel, we may fail to maintain our service quality because our project supervision staff could (i) become less responsive to our customers' requests and enquiries owing to the increase in workload; (ii) fail to promptly address ad-hoc or urgent matters at a particular project site as they may be occupied with management and supervisory works at other project sites at that time; and (iii) fail to closely monitor the work progress and quality of our subcontractors resulting in delay or sub-standard works.

As at the Latest Practicable Date, we had ten quantity surveyors. Our quantity surveyor plays a crucial role in the management of our cost budgets and sourcing of materials and tooling in relation to our projects. Our quantity surveyors are responsible for, among others, cost estimation, determining, procuring and monitoring the quantity of materials and toolings required in the project and managing the project implementation costs. As we recruit additional quantity surveyors, this could facilitate them to closely monitor and assess our project costs and actively communicate with our financial controller and executive Directors, which would in turn enable us to provide swift feedback or responses to our customers. In light of the additional projects we plan to undertake, we consider that we have the needs to recruit two additional quantity surveyors to achieve better work allocation and alleviate the workloads of our existing staff. Our executive Directors consider that recruiting additional quantity surveyors will enable us to improve the accuracy in making our cost estimation and enhance our flexibility in cost control when we respond to tender invitations, answer queries in relation to our tender submission and submit our revised fee quotation to our customers. Further, we consider that the recruitment of additional quantity surveyors can mitigate the risk of any interruption caused to our business operations resulting from the possible departure of any existing staff.

As part of our ongoing efforts to maintain the safety standard of our operations, our executive Directors consider that the recruitment of additional safety supervision staff could enhance our ability to supervise our employees and subcontractors in relation to work safety and ensure that our internal control measures on work safety are strictly implemented across our different work sites. The recruitment of additional safety supervision staff by us could facilitate us in ensuring our safety measures are strictly followed by our own employees and/or our subcontractors' employees in order to minimise the occurrence of accidents. Further, in light of the expected growth in the number and scale of projects undertaken by us, it is vital for us to maintain sufficient number of safety supervision staff such that we could closely monitor and supervise the safety levels of our various work sites.

We currently intend to recruit two additional finance and administration staff and they will be stationed at the additional office. Our executive Directors are of the view that such recruitment would be necessary to our Group because additional manpower is required for (i) providing administrative support to our new staff at the additional office; (ii) managing the human resources matters in relation to our existing and new project management staff so as to alleviate the workload of our current finance and administration staff; and (iii) providing support to our financial controller and the Board in relation to our Group's future ongoing compliance with the Listing Rules upon the Listing, such as preparation of interim and annual reports.

In view of the aforesaid, if we cannot expand our manpower to cope with the expected increase in our project backlogs, we may have to adopt a less proactive tendering strategy and reduce our submission of new tenders for additional projects until our workloads are reduced to a more manageable level. While this may provide a temporary measure to overcome our manpower constraint, this may be detrimental to our competitiveness in the long run because failure to respond to tender invitations may be perceived negatively by our customers and they could be less inclined to invite us to for their projects again in the future.

Currently, the office premises at our headquarters have been fully occupied. Other than the finance and administration staff who are stationed in our office on a full-time basis, our project management staff have to handle various tasks such as preparation of tender document, formulation of detailed budgets, work schedules and work allocation plan, procurement of materials, preparation of progress report and attending internal and external meetings at our office premises. Based on our internal attendance record, each of our project management staff has to spare approximately 30% to 40% of their work hours at our office for handling documentary tasks related to their project management roles. Since our project management staff are not stationed at our office premises on a full-time basis, they are not assigned with a fixed desk space generally and hence they would have to share the use of desk space with other project management team members on rotation basis when performing tasks at our office premises. On occasions when we are preparing tender submission or work allocation plan for various projects concurrently and a relatively high portion of project management staff have to work simultaneously at our office premises, some of the project management staff may have to work at our meeting room due to lack of desk space. As we only have one conference room at our office premises, we could only allow our project management staff to work at the conference room on an ad-hoc basis depending on its availability.

In view of the aforesaid, the leasing of additional office space will provide our existing and additional staff with adequate and stable spaces in their work environment. Based on our management's estimation, a total of 14 staff will work at our additional office. In addition, we also intend to reserve part of the additional office space for setting up an additional conference room for convening internal and external meetings.

(c) approximately HK$2.8 million, representing approximately 2.9% of the estimated net proceeds, will be used for purchasing machinery and motor vehicles, comprising two forklifts, 11 plaster spray machines, approximately 400 sets of parts and components for plaster spray machines and two motor vehicles;

The intended purchase of forklifts and plaster spray machines are generally in line with our practice of deploying our self-owned machinery for site works during the Track Record Period. For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, we purchased machinery in the amount of approximately HK$0.4 million, HK$0.3 million, HK$0.7 million and HK$0.8 million at costs, respectively. During the Track Record Period and up to the Latest Practicable Date, we have purchased seven forklifts and 16 plaster spray machines. As it is our practice to use our self-owned machinery to support our site works, our executive Directors consider that it is imperative for us to continue acquiring additional machinery to cope with the increase in our backlog projects.

Our executive Directors consider that it is critical to maintain sufficient self-owned machinery to cater for our business development. It is our practice to use self-owned machinery instead of using leased machinery because (i) there is no guarantee that we can lease the required machinery on time and of good quality; and (ii) pursuant to our contract terms with subcontractors, we are generally responsible for providing machinery for the use of subcontractors in carrying out their works in our projects. Having our own fleet of machinery will facilitate us in deploying the relevant machinery to different projects more efficiently. As such, we generally deploy our self-owned forklifts and plaster spray machines instead of relying on our suppliers for machinery rental.

According to the Industry Report, the average daily wages of major wet trades workers have increased from approximately HK$1,440.1 per day in 2016 to approximately HK$1,445.7 per day in 2021, representing a CAGR of 0.1%. Due to labour shortage in the construction industry in Hong Kong, it is expected that construction companies will increasingly use machinery such as plaster spray machine to replace manual works so as to mitigate the impact of rising labour costs. The use of plaster spray machine will enable us to lower the needs for manual input by workers. According to the Industry Report, it is increasingly common to replace manual operation with the use of plaster spray machines for wet trades projects involving plastering works so as to increase the productivity of workers and further enhance the quality of craftsmanship. The use of plaster spray machines can ensure plaster can be applied on the wall surface evenly and speedily and can attain a higher level of standardisation in the works quality. As a result, where plaster spray machines are used in the plastering process, we could generally incur less time in performing quality inspection, which, in turn, could speed up our project implementation process. As such, our executive Directors believe that we will be in a better position to negotiate for more favourable pricing from our subcontractors if we could increase the use of plaster spray machine in the future.

Being limited by the number of our forklifts and plaster spray machines during the Track Record Period, we had to constantly transport our machinery among worksites according to our work progress and project schedule. As plaster spray machine and forklifts are relatively bulky, we generally engage third party service providers to transport our machinery among work sites which resulted in idle time of the machinery and transportation costs. Taking into consideration the expected increase in number and scale of projects to be undertaken by us, our executive Directors consider that we have the operational needs to strengthen our fleet of machinery. Having a larger fleet of machinery will enable us to deploy sufficient machinery to each ongoing project more efficiently, and hence this could minimise our needs for arranging transportation for the machinery and reduce the idle time incurred in the transportation process.

Based on our consumption pattern during the Track Record Period, a fully operating plaster spray machine generally consumes approximately two to three sets of parts and components per month. Parts and components of plaster spray machine are consumable in nature and cannot be reused after consumption. During the Track Record Period, we consumed approximately 750 sets of parts and components per year in support of our plaster spray machines. To cater for the operation of the ten plaster spray machine that we intend to acquire, we plan to purchase approximately 400 parts for consumption in the forthcoming 18 months after the Listing.

(d) approximately HK$2.0 million, representing approximately 2.1% of the estimated net proceeds, will be used for procuring an enterprise resources planning system;

(e) approximately HK$1.5 million, representing approximately 1.5% of the estimated net proceeds, will be used for purchasing 20,000 sets of planks and toe-boards to further strengthen our occupational safety; and

(f) approximately HK$9.4 million, representing approximately 9.7% of the estimated net proceeds, will be reserved as our general working capital.

The following table sets out a summary of our implementation plan:

	From the Listing Date to 31 March 2023	From 1 April 2023 to 31 March 2024	Total	Approximate % of net proceeds
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Financing the up-front costs of our projects	70.8	–	70.8	73.0
Further expanding our manpower and leasing an additional office	7.0	3.5	10.5	10.8
Purchasing additional machinery and motor vehicles	2.3	0.5	2.8	2.9
Procuring an enterprise resources planning system	2.0	–	2.0	2.1
Purchasing planks and toe-boards	1.0	0.5	1.5	1.5
General working capital	9.4	–	9.4	9.7
Total	92.5	4.5	97.0	100.0

There can be no assurance that the net proceeds from the Share Offer will be sufficient for fully implementing our business expansion plans. For instance, (i) the up-front costs requirement for projects awarded to us may exceed the net proceeds allocated for such purpose as set out above; (ii) the number of additional staff we intend to recruit may not fulfil the manpower needs as we continue to undertake additional and more sizeable projects; and (iii) the number of machinery we intend to purchase may not be sufficient to fulfil the machinery needs associated with the increase in number and scale of projects to be undertaken by us. In the event any of the above occurs or that the Listing becomes unsuccessful such that the net proceeds from the Share Offer becomes unavailable to us, we may adjust the timing and scale of our business expansion plans and/or seek alternative form of financing.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the applicable laws and regulations, we will deposit the net proceeds into short-term interest-bearing deposits with licensed commercial banks and/or authorised financial institutions in Hong Kong (as defined under the SFO).

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sales of these additional Offer Shares of approximately HK$18.9 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK$0.52 per Share, being the mid-point of the proposed Offer Price range of HK$0.50 to HK$0.54. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK$13.3 million. In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the

Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK$24.5 million. The allocation of the additional net proceeds will be used in the same proportions as set out above.

Assuming the Over-allotment Option is not exercised at all, and in the event that the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received from the Share Offer will increase or decrease by approximately HK$4.8 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.