

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Our objective is to become a leading construction works contractor in Hong Kong with focus on undertaking foundation works in Hong Kong. Please refer to the section headed “Business — Business Strategies and Prospects” in the prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer, after deducting related underwriting fees and expenses payable by us in connection with the Share Offer, and assuming that the Offer Size Adjustment Option is not exercised at all and an Offer Price of HK\$0.89, being the mid-point of the Offer Price range, will be approximately HK\$50.7 million. Our Directors presently intend to apply such net proceeds as follows:

- approximately HK\$33.0 million or approximately 65% of the net proceeds for the acquisition of additional machinery and equipment including one crawler crane, one oscillator and related drilling equipment expected to take place in the year ending 31 March 2013 from German machinery suppliers for foundation works and building works to increase our construction capacity for expected extra works on the awarded projects;
- approximately HK\$7.6 million or approximately 15% of the net proceeds for the hiring of additional staff, including one project manager, four machinery operators, 10 riggers and two welders upon delivery of new machinery purchased which is expected to take place in the year ending 31 March 2013 to increase our construction capacity, and out of which approximately HK\$0.5 million will be used for providing staff training in safety and environmental protection;
- approximately HK\$5.1 million or approximately 10% of the net proceeds will be used for partial repayment of finance lease liabilities that will mature in March 2016 with interest rate of HIBOR +2.5% and outstanding amount of HK\$40 million as at Latest Practicable Date; and
- approximately HK\$5.1 million or approximately 10% of the net proceeds will be used as general working capital of our Group.

The total budget for acquisition of additional machinery and equipment and hiring of additional staff and staff training is approximately HK\$33.0 million and HK\$9.6 million respectively. The outstanding finance lease with total amount of HK\$40 million will follow the repayment schedule as agreed with the bank after the partial repayment from the net proceeds of the Share Offer.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range, our Company will receive additional estimated net proceeds of the Share Offer of approximately HK\$3.7 million when compared to the net proceeds receivable by our Company with the Offer Price being determined at the mid-point of the range as stated in this prospectus, which will be used as additional general working capital of our Group.

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In the event that the Offer Price is set at the low-end of the proposed Offer Price range, the estimated net proceeds of the Share Offer will decrease by approximately HK\$4.4 million when compared to the net proceeds receivable by our Company with the Offer Price being determined at the mid-point of the range as stated in this prospectus. Under such circumstances, our Company intends to reduce its allocation of the net proceeds for general working capital by approximately HK\$4.4 million.

If the Offer Size Adjustment Option is exercised in full, our Company will raise additional estimated net proceeds of approximately HK\$9.8 million, assuming the Offer Price is HK\$0.89, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end of the indicative Offer Price range, the additional estimated net proceeds upon full exercise of the Offer Size Adjustment Option will increase by approximately HK\$0.6 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the additional estimated net proceeds upon full exercise of the Offer Size Adjustment Option will decrease by approximately HK\$0.7 million. Our Directors intend to apply the additional net proceeds from the exercise of the Offer Size Adjustment as general working capital.

To the extent that the net proceeds of the Share Offer are not immediately applied for the above purposes, it is the present intention of our Directors that such net proceeds will be placed on short-term deposits with financial institutions in Hong Kong.

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.