
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section entitled “Business – Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds of the Global Offering after deducting the underwriting commissions and estimated expenses in relation to the Global Offering, and assuming an Offer Price of HK\$1.14 per Offer Share (being the mid-point of the indicative Offer price range between HK\$1.00 and HK\$1.28 per Offer Share), are estimated to amount to approximately HK\$65.1 million. Our Directors intend to apply the net proceeds in the following manner:

- 1) approximately HK\$25.4 million, representing about 39% of the net proceeds from the Global Offering, will be used to acquire a suitable ready-mixed concrete station in Wujiang City;
- 2) approximately HK\$17.6 million, representing about 27% of the net proceeds from the Global Offering, will be used to strengthen our sales network and enhance our logistics system and capability by establishing our own entrepots in Wujiang City at strategic locations in Wujiang City, urban Suzhou, Shanghai Chongming Island and Qingpu District in Shanghai, respectively;
- 3) approximately HK\$16.9 million, representing about 26% of the net proceeds from the Global Offering, will be used to upgrade some of our production equipment and to acquire new cement production equipment to replace some older equipment; and
- 4) approximately HK\$5.2 million, representing about 8% of the net proceeds from the Global Offering, will be used towards working capital and other general corporate purposes.

In the event that the Offer Price is determined at the high end of the indicative Offer Price range, being HK\$1.28 per Share, the net proceeds from the Global Offering (assuming that the Over-allotment Option is not exercised) will increase to approximately HK\$75.3 million. In such circumstances, our Directors intend to apply the additional net proceeds to finance all items above on a pro-rata basis.

In the event that the Offer Price is determined at the low end of the indicative Offer Price range, being HK\$1.00 per share, the net proceeds from the Global Offering (assuming that the Over-allotment Option is not exercised) will decrease to approximately HK\$54.9 million. In such circumstances, the amount of net proceeds proposed to be used for all items above will be reduced on a pro rata basis after the full utilization of our Company’s general working capital for the above purposes.

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Should the Over-allotment Option be exercised in full, our Company will receive additional net proceeds of approximately HK\$20.7 million (assuming the Offer Price of HK\$1.14 per Share). Our Directors presently intend to apply the additional net proceeds to finance all items above on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short deposits with licensed banks and/or authorized financial institutions in Hong Kong and/or the PRC.

The Selling Shareholder will receive the net proceeds from the sale of the Sale Shares in the aggregate amount of approximately HK\$55.3 million after deducting its share of the estimated listing expenses in the Global Offering and assuming an Offer Price of HK\$1.14 per Share, being the mid-point of the Offer Price range set out in this prospectus. Our Company will not receive any of the net proceeds from the sale of the Sale Shares.