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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the section headed “Business — Business strategies” in this prospectus for a detailed discussion of our future plans.

### IMPLEMENTATION PLAN

In order to achieve the aforementioned business strategies, we set forth below our implementation plans for each of the six-month periods from the Latest Practicable Date to 31 December 2023. As at the Latest Practicable Date, we had completed the Filing of Enterprise Investment Project\* (企業投資項目備案) with the Development and Reform Bureau of Jimei District of Xiamen\* (廈門市集美區發展和改革局) and we had filed our application for the Construction Engineering Planning Permit\* (建設工程規劃許可證) with Jimei Branch of the Xiamen Municipal Natural Resources and Planning Bureau\* (廈門市自然資源和規劃局集美分局). We had also engaged a contractor to prepare the construction design and drawing of plans for our expansion plan and completed our internal assessment procedures in selecting the machinery and equipment supplier for the new production lines. Our PRC Legal Advisers are of the view that, there is no material legal impediment in obtaining the approval and permit from the relevant regulatory authorities in regards to our expansion plan as long as we are in compliance with applicable laws, regulations and rules and submit all the necessary application documents to the relevant regulatory authorities. Investors should note that our implementation plans are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular, the risk factors as set out in the section headed “Risk factors” of this prospectus. Therefore, there is no assurance that our Group’s business plans will materialise in accordance with the estimated time frame and that our Group’s future plans will be accomplished at all. Based on our Group’s business strategies, our Directors intend to carry out the follow implementation plans:

#### For the Latest Practicable Date to 30 June 2021

<u>Business strategy</u>	<u>Implementation activities</u>
Expand our PC component production capacity	<ul style="list-style-type: none"><li>● Confirm the construction plan and design and select construction contractor(s)</li></ul>
Enhance our information technology system	<ul style="list-style-type: none"><li>● Obtain quotations and engage professional consultant to lay out a detailed implementation plan</li></ul>

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### For the 1 July 2021 to 31 December 2021

<u>Business strategy</u>	<u>Implementation activities</u>
Expand our PC component production capacity	<ul style="list-style-type: none"><li>● Construction works begin</li></ul>
Enhance our information technology system	<ul style="list-style-type: none"><li>● Installation of computer servers and hardware</li><li>● Design, development and implementation of system software</li></ul>
Further improve our environmental protection system	<ul style="list-style-type: none"><li>● Obtain quotations and engage professional consultant to lay out a detailed implementation plan</li><li>● Commence implementation of environmental protection system</li></ul>
Acquire mixer and pump trucks	<ul style="list-style-type: none"><li>● Purchase one mixer truck</li></ul>

### For the 1 January 2022 to 30 June 2022

<u>Business strategy</u>	<u>Implementation activities</u>
Expand our PC component production capacity	<ul style="list-style-type: none"><li>● Construction works continue</li></ul>
Enhance our information technology system	<ul style="list-style-type: none"><li>● Installation of computer hardware</li><li>● Implantation of system software</li><li>● System testing and debugging</li><li>● Staff training</li><li>● Enhanced information technology system goes live</li></ul>
Further improve our environmental protection system	<ul style="list-style-type: none"><li>● Implementation of environmental protection system continues</li></ul>
Acquire mixer and pump trucks	<ul style="list-style-type: none"><li>● Purchase two mixer trucks</li></ul>

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### For the 1 July 2022 to 31 December 2022

<u>Business strategy</u>	<u>Implementation activities</u>
Expand our PC component production capacity	<ul style="list-style-type: none"><li>● Completion of construction works</li><li>● Installation of new machineries and equipment</li><li>● Commencement of trial production</li><li>● Identify and lease suitable PC component storage site(s)</li><li>● Purchase raw materials for PC component production</li><li>● Purchase four flatbed trucks</li><li>● Recruit approximately 80 staff</li></ul>
Further improve our environmental protection system	<ul style="list-style-type: none"><li>● Complete implementation of environmental protection system</li><li>● System testing</li></ul>
Enhance our information technology system	<ul style="list-style-type: none"><li>● Staff training</li></ul>
Acquire mixer and pump trucks	<ul style="list-style-type: none"><li>● Purchase two mixer trucks and one pump truck</li></ul>

### For the 1 January 2023 to 30 June 2023

<u>Business strategy</u>	<u>Implementation activities</u>
Expand our PC component production capacity	<ul style="list-style-type: none"><li>● Commence commercial production</li><li>● Purchase raw materials for PC component production</li><li>● Purchase seven flatbed trucks</li><li>● Recruit approximately 50 staff</li></ul>
Enhance our information technology system	<ul style="list-style-type: none"><li>● Post implementation monitoring and review</li></ul>
Acquire mixer and pump trucks	<ul style="list-style-type: none"><li>● Purchase one pump truck</li></ul>

### For the 1 July 2023 to 31 December 2023

<u>Business strategy</u>	<u>Implementation activities</u>
Expand our PC component production capacity	<ul style="list-style-type: none"><li>● Monitor and review the operation of the PC component production facility with increasing production volume</li><li>● Purchase five flatbed trucks</li><li>● Recruit approximately 50 staff</li></ul>

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For the 1 January 2024 to 30 June 2024

Business strategy	Implementation activities
Expand our PC component production capacity	<ul style="list-style-type: none"> <li>● Monitor and review the operation of the PC component production facility with increasing production volume continues</li> <li>● Purchase four flatbed trucks</li> </ul>

The follow table sets forth a detailed breakdown of the use of proceeds of the Share Offer for the aforesaid plans:

	From the Latest Practicable Date to 30 June 2021	For six months ending 31 December 2021	For six months ending 30 June 2022	For six months ending 31 December 2022	For six months ending 30 June 2023	For six months ending 31 December 2023	For six months ending 30 June 2024	Total amount to be funded by the net proceeds of the Share Offer	Total % of the net proceeds	Fund sources
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
(i) Expand our PC component production capacity	—	7,216	43,294	66,338	44,904	16,112	3,600	181,464	82.7%	Fully funded from net proceeds of the Share Offer
(ii) Enhance our information technology system	—	1,000	2,000	3,000	2,000	—	—	8,000	3.6%	Fully funded from net proceeds of the Share Offer
(iii) Further improve our environmental protection system	—	1,000	4,000	2,000	—	—	—	7,000	3.2%	Fully funded from net proceeds of the Share Offer
(iv) Acquire mixer and concrete pump trucks	—	450	582	—	—	—	—	1,032	0.5%	Approximately RMB1.0 million or 13.3% of the amount will be funded from net proceeds of the Share Offer and the remaining RMB6.7 million or 86.7% will be funded out of internal resources
(v) General working capital	4,000	17,944	—	—	—	—	—	21,944	10.0%	
<b>Total</b>	<b>4,000</b>	<b>27,610</b>	<b>49,876</b>	<b>71,338</b>	<b>46,904</b>	<b>16,112</b>	<b>3,600</b>	<b>219,440</b>	<b>100%</b>	

### BASES AND ASSUMPTIONS

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

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in the PRC or in any other places in which any member of our Group operates or will operate;
- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the bases or rates of taxation in the PRC or in any other places in which any member of our Group operates or will operate;

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- there will be no material changes in legislation or regulations whether in the PRC or elsewhere materially affecting the business carried on by our Group;
- there will be no significant change in our Group's business relationship with its existing strategic and business partners;
- there will be no significant changes in our Group's business relationship with its major customers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the paragraph headed "Implementation plan" in this section; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk factors" of this prospectus.

### REASONS FOR LISTING

Our Directors concede that the Listing will be a great advantage to our Group in different aspects as discussed below:

**(i) To thrive our corporate profile and credibility**

Our Directors consider that Hong Kong is an international financial centre and the capital market in Hong Kong is maturely established and highly recognised internationally. We believe that by way of Listing, we can elevate our corporate image and status, hence, the successful listing would enhance our credibility with our customers and suppliers, also, the listing platform would provide our Group an efficient and economic fund raising channel for our development and expansion. Our Directors further consider that the Listing will enhance our competitiveness in the market by attracting potential customers who incline to establish business relationship with companies having a robust internal control and corporate governance system, indeed, most of the well founded corporations prefer to work with companies which are operating under public transparency with market recognition and regulatory supervision, especially SOEs.

**(ii) Successful listing allows us to deploy our business strategies efficiently and prudently in a short time frame without negatively affecting our current operation and liquidity position and to pave way for future financing**

According to the Frost & Sullivan Report, the concrete industry is a capital-intensive industry for which it is a crucial factor to concrete manufacturing enterprises to have sufficient capital strength for heavy up-front capital investment. During the operational process, working capital sufficiency is also critical for concrete manufacturing enterprises since the credit period for customers tends to be longer than those from their suppliers.

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Since our decision to expand into the PC component market in 2014, we have invested a significant amount of our cash resources in acquiring additional machineries and production facilities.

As at 31 January 2021, being the latest practicable date for the purpose of the indebtedness statement, our cash and bank balances was approximately RMB12.2 million, and we had banking facilities of approximately RMB310.0 million, among which approximately RMB180.5 million had been utilised as working capital for our business operations, as such there are only RMB129.5 million unutilised bank facilities available to our Group. As we intend to deploy approximately RMB226.1 million for the implementation of our future plans, which is significantly more than our current cash on hand and banking facilities available to us.

In choosing equity financing over debt financing to finance our future plans, we have taken into account: (i) the speed and size of equity financing, being the net proceeds from Listing, as compared to debt financing which may require additional time for negotiation of terms and conditions; (ii) the acceptable financial risk associated with additional gearing our Group is willing to bear; (iii) the expected unfavourable terms of debt financing to our Company including possible higher interest rate and collateral requirement by the financial institutions given as at 31 October 2020, our Group had buildings and machineries, land use rights and investment properties with an aggregate net book value of approximately RMB73.8 million already been pledged to secure borrowings; and (iv) the fact that equity financing will not divert capital from our business for paying down the debt to the lenders regularly regardless of our business performance and that means that we shall have sufficient time to grow our business. In addition, the Listing also provides a solid financing platform for us to raise capital from the capital market in case of future business expansion and long-term development needs and goals.

### **(iii) To heighten the liquidity of our Shares**

Our Directors consider that the Listing will heighten the liquidity of our Shares when compared to the limited liquidity of the shares that are privately held before the Listing. Furthermore, Listing will enlarge and diversify our shareholder base and potentially lead to more liquid market in our Shares.

## **USE OF PROCEEDS**

We estimate that the net proceeds from the Share Offer (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer, and assuming an Offer Price of HK\$1.50 per Offer Share) are approximately HK\$241.4 million (equivalent to RMB219.4 million).

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Our Directors intend to apply the net proceeds from the Share Offer for the following purposes:

- approximately HK\$199.6 million (equivalent to RMB181.5 million), representing approximately 82.7% of the net proceeds of the Share Offer, will be used to expand our PC component production capacity at our PC Plant, of which:

- approximately HK\$115.7 million (equivalent to RMB105.2 million), representing approximately 47.9% of the net proceeds of the Share Offer will be used to set up the PC component facility including a factory building, ancillary facilities and production lines. The following table sets out a breakdown of costs associated with the setup of production facilities and the planned allocation of the net proceeds, with reference to quotations of similar facilities:

<b>Product facilities to be acquired</b>	<b>Amount allocated</b>
	<b>RMB million</b>
Factory and buildings	16.8
Fully-automatic carousel production lines	24.2
Stationary production line	3.3
Batching station	6.7
Fully-automatic rebar processing line	15.0
Mould production workshop	6.1
Cranes and forklifts	27.1
Office equipment	2.3
Other ancillary facilities	3.7
	<b>105.2</b>

- approximately HK\$4.7 million (equivalent to RMB4.3 million), representing approximately 2.0% of the net proceeds of the Share Offer will be used to lease storage site(s) to support our enlarged production capacity;
- approximately HK\$45.4 million (equivalent to RMB41.3 million), representing approximately 18.8% of the net proceeds of the Share Offer will be used to purchase raw materials for the production of PC components at our new production lines;
- approximately HK\$19.8 million (equivalent to RMB18.0 million), representing approximately 8.2% of the net proceeds of the Share Offer will be used to acquire flatbed trucks; and
- approximately HK\$14.0 million (equivalent to RMB12.7 million), representing approximately 5.8% of the net proceeds of the Share Offer will be used to enhance and expand our workforce to support our business expansion;

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- approximately HK\$8.8 million (equivalent to RMB8.0 million), representing approximately 3.6% of the net proceeds of the Share Offer, will be used to enhance our information technology system by introducing an ERP system so that our business operations can be better maintained and monitored;
- approximately HK\$7.7 million (equivalent to RMB7.0 million), representing approximately 3.2% of the net proceeds of the Share Offer, will be used to further improve our environmental protection system in response to the expected increase in waste discharge and pollutants emission arising from our expansion plans;
- approximately HK\$8.5 million (equivalent to RMB7.7 million) will be used to acquire five mixer and two concrete pump trucks, of which approximately HK\$1.1 million (equivalent to RMB1.0 million) will be funded by the net proceeds of the Share Offer (representing approximately 0.5% of the net proceed of the Share Offer) and the balance of approximately HK\$7.4 million (equivalent to RMB6.7 million) will be funded by internal resources; and
- approximately HK\$24.2 million (equivalent to RMB21.9 million), representing approximately 10.0% of the net proceeds of the Share Offer, will be used as our general working capital.

To the extent that our net proceeds are not sufficient to satisfy the working capital requirements for the purpose as set forth above, we intend to fund the shortfall through variety of means including cash generated from operations and bank financing.

To the extent that the net proceeds of the Share Offer are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will only place the unused net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong and/or China to avoid investment risks to the net proceeds.