
FUTURE PLANS AND [REDACTED]

FUTURE PLANS

Please refer to the section headed “Business — Business Strategies” for a detailed description of our future plans.

REASONS FOR THE [REDACTED]

Our principal business objective is to increase more market share in the construction industry in Tianjin and other regions in the PRC, expand our business into more segments of construction industry and further strengthen our market position. Our Directors believe that the [REDACTED] is conducive to achieving our business objective for the following reasons.

- Our Directors consider that our future expansion plans as set out in “Business — Business Strategies” in this document are capital intensive. The [REDACTED] will provide our Group with additional access of equity funding by means of [REDACTED] new [REDACTED]. Our Directors believe that a combination of equity financing, debt financing and internal resources will provide a balanced and suitable capital structure to support the long-term growth of our Group. In particular, our Directors have considered the following advantages of equity financing over debt financing to fund our expansion plan.
 - (a) During the Track Record Period, we mainly funded our operations from cash flows generated from operating activities and our cash and bank balances since it would be difficult to obtain bank borrowings with commercially acceptable terms without guarantees to be provided by our Company and/or the Controlling Shareholders as we are a group of private companies. Our Directors consider that it would not be in the interest of our Group to rely on debt financing that involves personal guarantees and/or collaterals provided by our Controlling Shareholders, executive Directors and their respective associates and advances from our Controlling Shareholders.
 - (b) Equity financing is a more feasible measure of fund-raising than debt financing to finance the long term future plans of our Group because financial institutions might request a significant amount of deposits, securities and properties to be pledged as a condition for obtaining debt financing and we may be subject to various covenants contained in relevant debt instruments that may restrict us from obtaining additional financing, conducting our business activities and distributing dividends. Furthermore, the long term nature of equity financing is more favorable to fulfill long term development needs of our Group, compared with debt financing which requires refinancing from time to time.
 - (c) The [REDACTED] will broaden our Group’s capital base and provide a platform for our Group to raise fund, on a recurring basis which is not limited to the amount of net [REDACTED] to be raised in the [REDACTED], to finance our future business expansion and long-term development.

FUTURE PLANS AND [REDACTED]

- The [REDACTED] status will enhance our corporate profile and recognition and enable our Group to be considered more favorably by our customers when tendering for construction projects, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosures and corporate governance and offers transparency to our customers and potential customers.
- The [REDACTED] will provide a platform for our Group to access the capital markets for future secondary fund-raising through either the issuance of (i) Shares or (ii) debt securities, depending on the prevailing market condition at the time of capital needs so that our Group’s further expansion plans (other than those future plans stated in this document) can be supported when opportunities arise. Furthermore, the ability to obtain bank financing is generally easier with a listed entity as compared to a private entity and our Directors believe that a [REDACTED] status will allow us to gain leverage in obtaining bank financing with relatively more favorable terms in the PRC and Hong Kong.
- The [REDACTED] will enable us to enhance employee incentive and commitment. As a construction services provider, experienced and quality staff are vital to our business operations and future development. Being a listed company can enhance visibility and public perception and help us to attract, recruit and retain our valued management personnel, employees and skilled professionals to provide additional incentive; and
- The [REDACTED] will enhance the liquidity of the Shares which will be freely [REDACTED] on the Stock Exchange when compared to the limited liquidity of the shares that are privately held before the [REDACTED]. Hence, our Directors consider that the [REDACTED] will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the [REDACTED] of the Shares.

[REDACTED]

We estimate that the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised.

In the event the [REDACTED] is exercised in full and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), we will receive additional [REDACTED] of approximately HK\$[REDACTED].

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised, we will receive additional [REDACTED] of approximately HK\$[REDACTED].

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised, the [REDACTED] we receive will be reduced by approximately HK\$[REDACTED].

FUTURE PLANS AND [REDACTED]

We intend to use the [REDACTED] of the [REDACTED] for the purposes and in the amounts set out below assuming that the [REDACTED] is not exercised and the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document):

Amount of [REDACTED]	[REDACTED]
(i) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED])	To fund our up-front costs of potential projects
(ii) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED])	To establish local branch offices in regions outside Tianjin and expand our business presence in more cities in the PRC
(iii) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED])	To enhance our R&D capabilities including (a) purchasing hardware and equipment to upgrade and improve our Jiexiao System, (b) recruiting competent and competitive professionals to lead our R&D activities, and (c) purchasing software for upgrading and improving the functionality of our Jiexiao System
(iv) approximate [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED])	To acquire or invest in other construction companies that focus on petrochemical engineering, new energy engineering or new urban infrastructure construction, which hold the relevant licenses or qualifications to undertake such works
(v) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED])	For working capital and general corporate purpose

FUTURE PLANS AND [REDACTED]

We intend to apply the [REDACTED] from the [REDACTED] according to the time frame as set out below.

Purpose	Excepted time frame for applying the [REDACTED]				Total
	For the six months ending June 30, 2024 <i>(HK\$ million)</i>	For the six months ending December 31, 2024 <i>(HK\$ million)</i>	For the six months ending June 30, 2025 <i>(HK\$ million)</i>	For the six months ending December 31, 2025 <i>(HK\$ million)</i>	
(i) To fund our up-front costs of potential projects	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) To establish local branch offices in regions outside Tianjin and expand our business presence in more cities in the PRC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) To enhance our R&D capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iv) To acquire or invest in other construction companies that focus on petrochemical engineering, new energy engineering or new urban infrastructure construction, which hold the relevant licenses or qualifications to undertake such works	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(v) For working capital and general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

The details of our plans for use of [REDACTED] are set out below:

- (i) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to fund our up-front costs of our potential projects.

Based on the construction contracts entered into between our Group and our customers, we are entitled to receive progress payments from our customers upon achievement of key milestones as set forth in our construction contracts, or on a periodic basis, which would enable us to start billing at an agreed percentage of the total certified value of work we performed. During the Track Record Period, we usually incurred a substantial amount of up-front costs during the initial stage (i.e. between the time we start to incur up-front costs and the time we first receive progress payment from our customers, the “**Up-front Period**”) of our construction projects, which mainly included costs of materials consumed and labor subcontracting costs and represented not less than approximately 20.0% (the “**Up-front Cost Ratio**”) of the total contract value of the respective project. We usually funded such up-front costs with our working capital during the Track Record Period and were generally restrained by such capital needs in our projects during the Up-front Period from undertaking more large scale projects that

FUTURE PLANS AND [REDACTED]

generally required more up-front costs. According to Frost & Sullivan, such billing and payment arrangements are common practice in the construction industry in the PRC.

Our Directors are of the view that it is not practical to allocate our [REDACTED] from [REDACTED] to our construction projects on hand or potential construction projects with tenders submitted as the upfront expenditure of these projects is generally expected to be incurred and paid before the expected [REDACTED], given the fact that the duration of most of our projects during the Track Record Period was less than one year. Therefore, our Board intends to allocate approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) to fund the up-front costs of our potential construction projects during the Up-front Period in the future. We believe our potential projects will be of similar nature and construction type to our historic construction projects and will be selected through our project identification and selection processes. Our Directors and management are committed to monitoring the market dynamics in the PRC construction industry, capturing the business opportunities which are favorable to the expansion of our Group, and using their best efforts to secure profitable and high quality projects for our Company.

- (ii) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to establish local branch offices outside Tianjin and expand our business presence in more cities in the PRC.

During the Track Record Period, we were headquartered in Tianjin and our operation was primarily based in Tianjin. Notwithstanding that the majority of our projects were carried out in and a considerable part of revenue was generated from Tianjin during the Track Record Period, we also bid and were awarded projects outside Tianjin in cities such as Xi’an, Nanchang and Guiyang during the Track Record Period. Based on our past experiences in undertaking construction projects in regions outside Tianjin, our Directors believe that it would be favorable and feasible for our Company to capture the local business opportunities to further expand our footprint and establish business presence in more cities in the PRC. Taking into account the market size and expected growth of construction industry in Shaanxi province, Jiangxi province and Guizhou province as set out in the section headed “Industry Overview — Overview of Municipal Public Construction Industry in the PRC and Tianjin — Market Size of Construction Industry in Regions Outside Tianjin” in this document, our Directors are of the view that we should implement our expansion plan in these provinces to capture the favorable local business opportunities. We may therefore establish local branch offices or representative offices in Xi’an, Nanchang and Guiyang to facilitate our communication with customers in these provinces and their surrounding areas, better understand their service needs and provide them with timely and responsive services.

FUTURE PLANS AND [REDACTED]

Our Directors consider that the fund needs in establishing our branch offices or representative offices in the relevant cities would mainly arise from renting office premises, recruiting local staff and administrative expenses.

	For the year ending December 31, 2024	For the year ending December 31, 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Xi'an Branch		
Salary	742	2,283
Rent	56	96
Renovation	100	—
Other administrative expenses	<u>350</u>	<u>600</u>
Subtotal	<u>1,248</u>	<u>2,979</u>
Nanchang Branch		
Salary	530	2,111
Rent	40	96
Renovation	100	—
Other administrative expenses	<u>250</u>	<u>600</u>
Subtotal	<u>920</u>	<u>2,807</u>
Guiyang Branch		
Salary	424	2,024
Rent	32	96
Renovation	100	—
Other administrative expenses	<u>200</u>	<u>600</u>
Subtotal	<u>756</u>	<u>2,720</u>
Branch 4		
Salary	—	1,680
Rent	—	96
Renovation	—	100
Other administrative expenses	<u>—</u>	<u>600</u>
Subtotal	<u>—</u>	<u>2,476</u>
Total (RMB'000)	<u>2,924</u>	<u>10,982</u>
Total (HK\$'000 equivalent)	<u>3,216</u>	<u>12,080</u>

FUTURE PLANS AND [REDACTED]

We intend to use approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) to establish branch offices in Xi’an, Nanchang and Guiyang for the year ending December 31, 2024 and approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) to establish branch offices in Xi’an, Nanchang and Guiyang and to establish branch offices in other regions which are favorable to our Group in capturing local opportunities for the year ending December 31, 2025.

We plan to set up branch offices Xi’an, Nanchang and Guiyang because we saw potential in developing our construction business in Shaanxi province, Jiangxi province and Guizhou province, and Xi’an, Nanchang and Guiyang are the major cities in these provinces.

Local economies, market conditions and favorable local government policies of Xi’an, Nanchang and Guiyang

In addition to the local economies, market conditions and favorable local government policies of the Shaanxi province, Jiangxi province and Guizhou province set out in the section headed “Industry Overview — Overview of Municipal Public Construction Industry in the PRC and Tianjin — Market Size of Construction Industry in Regions Outside Tianjin”, below are the respective market and industry data in Xi’an, Nanchang and Guiyang:

1. Local economy of Xi’an, Nanchang and Guiyang

According to Frost & Sullivan, the CAGR for nominal GDP and nominal GDP per capita in Tianjin from 2018 to 2022 was 5.1% and 5.7%, respectively, and is projected to continue to grow steadily at a CAGR of 4.6% and 5.3%, respectively. As compared to Tianjin, the Xi’an, Nanchang and Guiyang showed higher or comparable growth in their macroeconomic CAGR, such as nominal GDP and nominal GDP per capita:

- ***Xi’an***: The CAGR for nominal GDP and nominal GDP per capita in Xi’an from 2018 to 2022 was 7.8% and 5.0%, respectively, and is projected to continue to grow at a CAGR of 5.7% and 4.3%, respectively.
- ***Nanchang***: The CAGR for nominal GDP and nominal GDP per capita in Nanchang from 2018 to 2022 was 8.9% and 6.7%, respectively, and is projected to continue to grow at a CAGR of 6.9% and 9.2%, respectively.
- ***Guiyang***: The CAGR for nominal GDP and nominal GDP per capita in Guiyang from 2018 to 2022 was 7.2% and 5.6%, respectively, and is projected to continue to grow at a CAGR of 5.9% and 5.4%, respectively.

Considering the economic growth in the Xi’an, Nanchang and Guiyang, the Directors are of the view that there will be development opportunities in these areas.

FUTURE PLANS AND [REDACTED]

2. *Market conditions of the construction market of the Xi’an, Nanchang and Guiyang*

The construction industry in the Xi’an, Nanchang and Guiyang has been achieving higher growth than Tianjin in the past few years and is expected to continue to grow in the coming years. According to Frost & Sullivan, the output value of the construction industry in Nanchang, Xi’an, and Guiyang witnessed CAGRs of 11.3%, 11.4%, and 11.4% respectively from 2018 to 2022, which was higher than that of Tianjin’s construction industry of 5.8% during the same period. The output value of the construction industry in Nanchang, Xi’an and Guiyang is expected to grow at CAGRs of 7.8%, 7.6% and 7.8% respectively from 2022 to 2027, each of which is higher than Tianjin’s construction industry of 5.2% during the same period.

Below sets out the competitive landscape of the Relevant Cities:

- ***Xi’an***: The output value of construction industry in Xi’an in 2022 is RMB600.1 billion. There were approximately 1,400 construction enterprises in Xi’an in 2022. The construction industry is highly fragmented in Xi’an. The top five construction companies accounted for an aggregate market share of less than 12% in terms of construction revenue among all private construction companies in Xi’an in 2022. The total investment in fixed assets in Xi’an increased at a CAGR of 2.7% from 2018 to 2022 and is expected to grow at a CAGR of 2.6% from 2022 to 2027.
- ***Nanchang***: The output value of construction industry in Nanchang in 2022 is RMB559.0 billion. There were approximately 1,300 construction enterprises in Nanchang in 2022. The construction industry is highly fragmented in Nanchang. The top five construction companies accounted for an aggregate market share of less than 15% in terms of construction revenue among all private construction companies in Nanchang in 2022. The total investment in fixed assets in Nanchang increased at a CAGR of 9.2% from 2018 to 2022 and is expected to grow at a CAGR of 6.8% from 2022 to 2027.
- ***Guiyang***: The output value of construction industry in Guiyang in 2022 is RMB314.9 billion. There were approximately 500 construction enterprises in Guiyang in 2022. The construction industry is highly fragmented in Guiyang. The top five construction companies accounted for an aggregate market share of less than 7% in terms of construction revenue among all private construction companies in Guiyang in 2022. The total investment in fixed assets in Guiyang showed a CAGR of –1.9% from 2018 to 2022 and is expected to grow at a CAGR of 2.7% from 2022 to 2027.

FUTURE PLANS AND [REDACTED]

3. *Favorable government policies of the construction market of the Xi’an, Nanchang and Guiyang*

The local government authorities in the PRC have been implementing several favorable policies to promote the growth of the construction industry in the Relevant Cities:

- ***Xi’an:*** According to the “24 Measures for Optimizing the Business Environment in the Construction Market in Xi’an” (《西安市優化建築市場營商環境二十四條措施》) published by the Xi’an Municipal Bureau of Housing and Urban-Rural Development in May 2023, the policy is primarily aimed at promoting the high-quality development of the construction industry in Xi’an, supporting business transformation and upgrade, with focus on continuous improvement of the construction market environment, which includes building a housing and urban-rural development credit platform, covering “construction, supervision, inspection and design,” and regularly issuing credit risk ratings for construction companies.
- ***Nanchang:*** In 2022, the Department of Housing and Urban-Rural Development of Jiangxi Province issued the “Measures on Implementing the Strategy of Supporting Nanchang’s High-Quality Development in the Field of Housing and Urban-Rural Construction” (《關於住房城鄉建設領域落實強省會戰略支持南昌城市高品質發展的若干政策措施》). The policy aims to fully develop and strengthen the construction industry by supporting construction companies with strong overall strength and high brand recognition to establish their headquarters or regional headquarters in Nanchang. For companies which set up subsidiaries in Nanchang, such companies are not subject to the entry level restrictions and can directly apply for a second-grade qualification in the construction industry, with a “green channel” for application and approval. In addition, according to the “Notice on Measures to Promote the High-Quality Development of the Construction Industry in Nanchang”(《關於推進南昌市建築業高品質發展的若干措施的通知》) published by The People’s Government of Nanchang in February 2023, effort will be made to enhance the competitiveness of construction enterprises in Nanchang and promote high-quality development of the construction industry, elevating the role of the construction industry in the economic and social development of the city. Specific measures encompass, among others, backing construction corporations to venture into the infrastructure construction domain, advocating consortia bidding mechanisms, steering the progression of the construction sector, enthusiastically endorsing the general contracting method of engineering work, and robustly cultivating the precast building industry.

FUTURE PLANS AND [REDACTED]

- **Guiyang:** According to the “Notice on Several Measures to Promote the High-Quality Development of the Construction Industry in Guiyang” (《貴陽市促進建築業高品質發展若干措施的通知》) published by The People’s Government of Guiyang in August 2023, effort will be made to support construction enterprises to grow larger by encouraging social investment projects to prioritize the selection of construction enterprises with strong social responsibility, so as to play an exemplary role for other enterprises, continuously optimizing the approval and management system for construction projects and deepening the reform of the approval system for construction Projects.

4. Market Opportunities in Xi’an, Nanchang and Guiyang and our advantage in possessing first-grade petrochemical engineering construction

According to Frost & Sullivan, the possession of first-grade qualifications in petrochemical engineering construction is a significant competitive edge of our Group as it differentiates our Group from the other market players who do not have such qualification. The scarcity of relevant construction companies is noted in Shaanxi province, Jiangxi province and Guizhou province. According to Frost & Sullivan:

- among construction companies headquartered in Shaanxi province, no more than 30 possess first-grade qualification in petrochemical engineering construction, which represent approximately 0.7% of the total number of construction companies in Shaanxi province in 2022;
 - among construction companies headquartered in Jiangxi province, very few (less than 0.1%) of construction companies hold first-grade qualifications in petrochemical engineering construction in 2022; and
 - among construction companies headquartered in Guizhou province, no more than 5 possess first-grade qualification in petrochemical engineering construction, which represent about 0.1% of the total number of construction companies in Guizhou province in 2022.
- (iii) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to enhance our R&D capabilities. During the Track Record Period, our Company has been accredited as a High and New Technology Enterprise* (高新技術企業) and such accreditation will require us to continuously invest in R&D activities to enhance our R&D capabilities including (a) purchasing hardware and equipment to upgrade and improve our Jiexiao System; (b) recruiting competitive and competent talents to lead our R&D activities; and (c) purchasing software for upgrading and improving the functionality of our Jiexiao System.

FUTURE PLANS AND [REDACTED]

- (a) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to purchase hardware and equipment to upgrade and improve our Jiexiao System.

Upgrading our Jiexiao System requires input of and integration with compatible hardware and equipment in order to continuously optimize its functionality. We consider the following equipment and hardware to be essential to the future upgrade and improvement of our Jiexiao System:

- Intelligent hardware: we intend to integrate our Jiexiao System with several types of intelligent hardware such as smart weighbridges which could weigh the raw materials loaded in the trucks and transmit the relevant data to the cloud server of our Jiexiao System for further data processing; the compatible transport tool of smart weighbridges; smart safety helmet which can realize, among others, real-time position tracking of our workers and automatic alert when the safety helmet is taken off at the construction sites; and facial recognition device to be installed at the gates of our construction sites which could monitor unauthorized entrance or attendance status of workers. Our Directors believe that the integration between our Jiexiao System and intelligent hardware could enable the application of our Jiexiao System in more construction processes, enhance its measurement accuracy and reduce staff costs incurred for site monitoring.
- Internet communication equipment: as the operation of the abovementioned intelligent hardware requires internet environment, we intend to equip such intelligent hardware with the IoT data cards so that the intelligent hardware could be connected to our Jiexiao System and transmit the relevant data collected during different construction processes to the cloud server simultaneously.
- Elastic compute service: following the adoption of intelligent hardware and more data being collected during our construction processes, we will need to hire more cloud servers to enhance our data storage and computing capabilities, which would eventually improve the operational performance of our Jiexiao System.

Our Directors believe that with the integration of the abovementioned hardware and equipment, our Jiexiao System will be a more flexible, efficient and accurate construction management software, which will in turn contribute to the improvement of our operations and financial performance, and hence would be in the interests of our Group to make such purchases. Our Directors estimate the costs of the abovementioned hardware and equipment based on the quotation price from third party suppliers, our historic purchase price and the market prevailing price and

FUTURE PLANS AND [REDACTED]

believe that the purchase of hardware and equipment is commercially justifiable based on our operational needs, having considered the application and use of our Jiexiao System.

- (b) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to recruit and retain competent and competitive professionals to lead our R&D activities.

We intend to recruit approximately three to five experienced professionals with the relevant background and qualifications both in software development and construction industry as our R&D activities mainly including the future upgrades and improvements of our Jiexiao System, which require our R&D staff not only to possess the relevant skills in software development but also have a deep understanding of our construction processes and the difficulties we may encounter in different phases of our projects. Our Directors believe that such professionals to be recruited would play a key role in our R&D team to lead our R&D activities. The monthly salary of the R&D professionals to be recruited may range from RMB40,000 to RMB60,000, which will be determined with reference to various factors, which include, among others, (a) additional experience, qualification and personal attributes required by us; (b) the prevailing average market rate of salary for candidates with the required experience, qualification and personal attributes; and (c) the availability of such technical staff and the then requirements of our R&D activities.

- (c) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to purchase software for upgrading and improving functionality of our Jiexiao System.

During the Track Record Period, we applied our Jiexiao System in our daily operation and Jiexiao System played a key role in different phases of our construction projects. For details of the use and application of our Jiexiao System in our construction projects, please refer to the section headed “Business — Intellectual Property — Our Jiexiao System” in this document. We intend to further upgrade and improve the functionality of our Jiexiao System not only by integrating it with intelligent hardware and equipment but also optimizing its own programming and algorithms. Hence, we intend to acquire an integrated development environment in which our R&D staff could enhance the coding and build new functions of our Jiexiao System in a more efficient way with the assistance of a ready-to-use software development infrastructure. We also intend to acquire an integrated development environment for mobile phones which could assist our R&D staff to more efficiently upgrade the mobile version of our Jiexiao System.

FUTURE PLANS AND [REDACTED]

Our Directors believe that an upgraded Jiexiao System will further enhance our competitiveness, improve our service quality and better control our costs; further, the use of our Jiexiao System, with its enhanced functionality, could be promoted to more market users in the construction industry, and eventually our Jiexiao System could be more commercialized and monetized in the future.

- (iv) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), will be used to acquire or invest in other construction companies that focus on petrochemical engineering, new energy engineering or new urban infrastructure construction and hold the relevant licenses or qualifications to undertake such works.

According to the Frost & Sullivan Report, the 14th Five-Year Plan (2021–2025) for National Economic and Social Development (《國民經濟和社會發展「十四五」規劃(2021–2025)》) sets out the PRC government’s plan to speed up the infrastructure construction in China. Given the expected growth in the related markets and favorable policies, we intend to expand our construction business into areas such as new energy and new urban infrastructure construction as well as further expand our petrochemical engineering works. We intend to acquire construction companies that focus on petrochemical engineering, new energy engineering or new urban infrastructure construction, which hold the relevant licenses or qualifications to undertake such works. As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of [REDACTED] from the [REDACTED]. The proposed allocation of [REDACTED] from the [REDACTED] (i.e. [REDACTED]% or HK\$[REDACTED] of the estimated [REDACTED] from the [REDACTED] assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the proposed [REDACTED] range per Share stated in this document)) is determined with reference to (i) our expansion plan in the targeted construction segments; and (ii) our criteria for the acquisition and investments as described below including but not limited to the licenses and/or qualifications required to undertake the relevant construction projects.

Although we had not identified any suitable targets as of the Latest Practicable Date, we have determined the criteria for evaluating potential targets. We intend to acquire or invest in target companies that (i) are construction companies located in Xi’an, Nanchang or Guiyang with a total revenue of approximately RMB20.0 million for the most recent financial year, which focus on petrochemical engineering, new energy engineering and new urban infrastructure construction; (ii) possess the required licenses or qualifications to undertake the relevant construction projects; and (iii) have reputable brand and good corporate image without major negative news or reports on unsatisfactory property management services, negative credit records, debt disputes, administrative penalties or pending legal proceedings and disputes. In determining whether to proceed with the acquisition, we will also consider other risk factors, including hidden liabilities, administrative penalties, outstanding legal proceedings and disputes. Accordingly, we expect to create synergy between the construction business of the

FUTURE PLANS AND [REDACTED]

target companies and our Company by (i) sharing business contacts, business opportunities and other local resources between different construction projects, (ii) reducing costs and achieving economies of scales through centralized purchase and manpower coordination in the same region, and (iii) sharing experiences on local regulatory, cultural and business environment among our Group. According to the Frost & Sullivan Report, in 2022, there were approximately 300, 300 and 100 target companies in Xi’an, Nanchang and Guiyang, respectively, that fulfill our Group’s selection criteria above. Our Directors also expect that our acquisitions and investments will facilitate the establishment of business presence of our Company in these cities where we intend to set up local branch offices.

- (v) approximately [REDACTED]% of our estimated [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) will be used for working capital and general corporate purposes.

In the event that the [REDACTED] is fixed below or above the mid-point of the indicative price range, the [REDACTED] allocated to the above purposes will be adjusted on a pro rata basis. Any additional [REDACTED] received from the exercise of the [REDACTED] will be allocated to the above purposes on a pro rata basis.

In the event of any material change in our use of [REDACTED] of the [REDACTED] from the purposes described above or in our allocation of the [REDACTED] among the purposes described above, a formal announcement will be made.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the above purposes, we intend to deposit such [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions in Hong Kong (as defined under the SFO) and the PRC (as defined under the PRC Laws).

We will issue an announcement in the event that there is any material change in the use of [REDACTED] of the [REDACTED] as described above.